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| Cyprus | C£1.00 | Italy | L2200 | Portugal | Esc175 |
| Czech | Kcs35 | Jordan | JD1.25 | Qatar | QR10.00 |
| Denmark | DKr13 | Korea | Won 2000 | S.Arabia | SR8.00 |
| Egypt | E£3.50 | Kuwait | Fils.500 | Singapore | S$4.10 |
| Finland | FM8.50 | Lebanon | L£1,000 | Spain | Pta175 |
| France | FFr8.00 | Lux | LFr60 | Sweden | SKr13 |
| Germany | DM3.00 | Morocco | MDh18 | Switz | SFr2.70 |
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| Hungary | Ft145 | Nigeria | Naira15 | Tunisia | Din0.800 |
| Iceland | ISr190 | Norway | NKr13.00 | Turkey | L8000 |
| India | Rs28 | Oman | OR1.20 | UAE | Dh8.00 |

EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

FT No. 31,567



Friday September 27 1991

D 8523A


**SOVIET MEDIA**
**Fertile pickings for news-hounds**
Page 4

**World News**

## Romania in turmoil as protests continue

Romanian prime minister Petre Roman last night reversed an earlier decision to resign, saying a communist coup was underway and he would stay in power until order was restored.

His dramatic change of mind came after a day on which demonstrators had ransacked Romania's parliament and besieged the television station. The protesters smashed furniture in the parliament building and called on President Ion Iliescu to quit. Page 18

**UN accepts Iraq deal**
The UN Security Council agreed to Baghdad's demand that an agreed list of documents on Iraq's nuclear programme should be drawn up before a UN nuclear inspection team is released. Since Tuesday, Iraq has forbidden the UN team to leave a Baghdad car park where its inspectors were loading documents about Iraq's nuclear plans.
Earlier report, Page 6

**PLO decision**
The Palestine Liberation Organisation has dropped its insistence on naming the delegation to proposed Middle East peace talks. PLO officials said Palestinians would attend the talks as part of a Jordanian-Palestinian delegation.
Israeli ire at PLO, Page 4

**Georgia stand-off**
Violence seemed likely in Tbilisi, capital of Georgia, after opposition troops ignored a government-imposed deadline to hand in their arms. Rebel national guardsmen were preparing for a possible government attack on their stronghold. Page 2

**Turmoil in Zaire**
French and Belgian troops fanned out across Zaire to protect foreign nationals isolated amid rioting and looting. Thousands of foreigners have already fled the country. Losing faith in Mobutu, Page 6

**Indian students protest**
Indian students stoned buses in New Delhi in protest against plans to reserve jobs for low-caste Hindus. Similar protests last year brought 158 deaths and contributed to the downfall of V.P.Singh's government.
Kashmiris mass, Page 4

**Dying woman's plea**
Dying Aids victim Kimberly Bergalis, who caught the disease from her dentist, appeared at a US Congressional subcommittee to call for health care workers to be HIV-tested.

**Invitation withdrawn**
Frankfurt Book Fair withdrew invitations to Iranian publishing houses. German publishers objected to their presence because of the continuing death threat against British author Salman Rushdie.

**US poverty**
US census figures show 33.6m or 13.5 per cent of US residents lived in poverty last year. Poverty is defined as gross earnings of less than $13,359 for a family of four.

**Daily turns weekly**
Finland's oldest daily newspaper, Uusi Suomi, will go weekly next month to save money.

**Business Summary**

## Saudi Arabia threatens to quit Opec over output

Serious disagreement emerged at the Organisation of Petroleum Exporting Countries meeting in Geneva, when Saudi Arabia, world's biggest oil exporter, threatened to leave the cartel. The Saudi oil minister had been pressed hard to pledge to cut Saudi oil production by next year.

Suspension of the Saudi output quota during the Gulf war stopped prices passing $40 a barrel. Now many Opec ministers want the Saudis to promise a cut in output. Page 18

US: White House claims that the economy is steadily recovering were undermined by revised figures showing a large fall in gross national product in the second quarter. Page 18; Budget compromise strains at the seams, Page 5

FIAT, Italy's biggest private industrial group, reported a fall to L1,455bn ($1.16bn) from L2,454bn in first half pre-tax profits, in spite of a large one-off gain from the sale of two subsidiaries. Page 19

IMPERIAL Chemical Industries, biggest UK manufacturer, is splitting the role of its chairman for the first time and plans to re-allocate responsibilities of executive directors. Page 19; Lex, Page 18

AIRBUS Industrie, European aircraft consortium, is expected to make a strong case for development of a smaller derivative of the A320 twin-engined airliner. Meanwhile, the US and the EC failed to resolve a row over aircraft industry financing centring on Airbus, but indicated direct talks could continue. Page 8.

TRADE: the European Community imposed a provisional anti-dumping duty of up to 54.9 per cent on imports of fax paper from Japan.

VICKERS, UK engineering group, fell to a £4.3m ($7.5m) first half pre-tax loss, mainly because of a sharp downturn in demand for its Rolls-Royce and Bentley cars. The loss compares with a profit of £39.8m a year earlier. Page 19

AEG, German electrical and electronics company, faced with another DM200m ($119m) deficit this year, has given itself four weeks to dispose of its biggest loss-maker, the Olympia office equipment subsidiary. Page 19

PEPKOR, South African retail group, appears poised to take over Checkers, one of South Africa's three biggest supermarket chains, in a deal believed to be worth about R120m ($42.6m). Page 21

VALEO, French car components group, saw a 47.8 per cent slide in first half net profits and warned it did not expect an improvement in car industry demand until 1992. Page 20

CERUS, French holding company controlled by Mr Carlo De Benedetti, Italian financier, announced a FFr315m ($55.2m) first half net loss after heavy finance charges. Page 20

PARIBAS, French investment banking group, saw a steep rise in operating revenues outstripping a fall in capital gains to produce little change in first half net profits at FFr2.05bn ($350m). Page 20

Manufacturers ask Brussels to foster a strong European market

# EC computer strategy urged

By Alan Cane in Venice

LEADERS of Europe's ailing computer manufacturing companies yesterday called for action from Brussels to ensure the survival of a significant European information technology industry.

The chief executives of Groupe Bull of France, Olivetti of Italy and Siemens-Nixdorf of Germany united on a conference platform in Venice to complain they were at a disadvantage compared with their US and Japanese competitors.

These, they said, enjoyed the benefits of a strong home market and appreciable co-operation between the public sector and the computer industry.

In these countries, they added, more than 90 per cent of public contracts routinely went to domestic companies. In Europe, European-owned companies had only a 30 per cent share of the market for public sector computer projects.

Unless European computer companies could build a more sympathetic relationship with the public authorities in the unified European market after 1992 the outlook was bleak, they warned.

Mr Francis Lorentz, chairman of Groupe Bull, said he was not seeking protection or fortifications around Europe, but a coherent policy from Brussels leaving no doubt as to the importance of the industry.

Among other measures, they asked for involvement at an early stage in the planning of Europe-wide information technology projects, which would give them a good chance of securing final contracts.

Mr Hans-Dieter Wiedig, chief executive of Siemens-Nixdorf, said: "If European suppliers are chosen as partners in cases when they meet the demand with technically suitable products, the chances are good for Europe to deal with the challenges of the 1990s."

The worldwide computer industry is in crisis through a combination of technological change and recession. But Europe's manufacturers, with their small, heterogeneous markets, have been particularly hard hit. All are losing money.

The Venice accord was spoilt by a behind-the-scenes row which indicates the level of resentment still simmering over the sale of Britain's ICL to Fujitsu of Japan last year. It is clear that the UK-based company is regarded as a Japanese Trojan horse. ICL has made it clear that it regards itself as a European company with a Japanese majority shareholder.

The conference organisers had planned a roundtable discussion which would have included Mr Peter Bonfield, ICL chairman. Following threats to boycott the conference from the European-owned manufacturers, the discussion was abandoned in favour of individual presentations.

Mr Bonfield's presentation – where he argued for a strong European home market – was moved to a session including speakers from Digital Equipment and International Business Machines of the US.

Mr Lorentz pointedly included ICL among Japanese companies with which Groupe Bull had collaborative agreements. Mr Vittorio Cassoni, Olivetti managing director, referring to Europe's weakness in computer technology, said the Commission should not spend money attempting to catch trains that Europe had already missed.

Europe could still base a successful information technology industry on software and services which in 1990 was a $40bn business in Europe.

Mr Michel Carpentier, EC director general for the information technology industries, said the Commission was negotiating with Japan and the US to achieve a better competitive environment for European companies.

However, he warned that the competitive initiative would have to come from the companies themselves.

# Japanese finance minister to resign

By Stefan Wagstyl in Tokyo

JAPAN'S finance minister, Mr Ryutaro Hashimoto, has bowed to pressure from the ruling Liberal Democratic Party and decided to resign to take responsibility for the country's financial scandals.

Mr Hashimoto has told senior party officials he will resign after he returns on October 17 from a four-day visit to Bangkok for the International Monetary Fund's annual meeting and a gathering of ministers from the Group of Seven industrialised countries.

Mr Hashimoto's departure is unlikely to influence Japan's international financial policy-making, but it will deprive the finance ministry of a powerful spokesman in domestic political arguments.

He will quit about 10 days before the expiry of Mr Toshiki Kaifu's current term as LDP president and prime minister and the dissolution of the cabinet.

Mr Kaifu will serve as finance minister as well as prime minister until the LDP chooses a new leader on October 27.

Mr Hashimoto declined to comment yesterday on his resignation plans, which were leaked to reporters by LDP officials. Some LDP members are angry that he has stayed in office as long as he has.

Mr Hashimoto first indicated in early August that he would resign to take responsibility for scandals involving banks and stockbrokers and for the involvement of his top aide in an illegal loans scheme.

He said then he would remain in office to supervise the passage through the Diet (parliament) of securities law reform bills designed to counter some of the abuses revealed when the scandals emerged. These bills seem certain to be passed by the time the Diet ends on October 4.

By staying in office, Mr Hashimoto ensures that Japan will be represented by an experienced finance minister in Bangkok – as well as securing for himself some favourable publicity by appearing as an international statesman.

The scandals have cast a shadow over 54-year-old Mr Hashimoto's otherwise bright political prospects and eventual chances of becoming Continued on Page 18

Scandal touches small-town Japan, Page 6

# Bond on course for bankruptcy court hearing

By Kevin Brown in Sydney

EIGHT YEARS to the day after he became the first non-American to win the America's Cup yacht race, Mr Alan Bond faced the future yesterday in the car park of a Perth police station.

Mr Bond – the London-born signwriter who built Bond Corporation Holdings into one of Australia's highest profile corporate raiders before it crashed last year – apparently drove to the police station for protection after noticing his Range Rover was being followed.

However, the pursuer turned out to be a process server employed to deliver a court notice requiring Mr Bond to repay a debt of US$194m to Hongkong Bank of Australia.

Officials had been searching for Mr Bond since Tuesday, when the bank filed the notice at the federal court in Sydney following a judgment that the debt was enforceable.

"Mr Bond came to the station because he was fearful – he didn't know who was following him," said an officer at suburban Nedlands police station. "He said the guy did not introduce himself, he just threw the notice at him and said: 'Here, this is for you.'"

The officer would not confirm that Mr Bond had claimed the process server tried to run his car off the road.

Mr Bond was not available for comment, but his secretary said he had received the notice, which gives him 28 days to repay the debt or face bankruptcy proceedings.

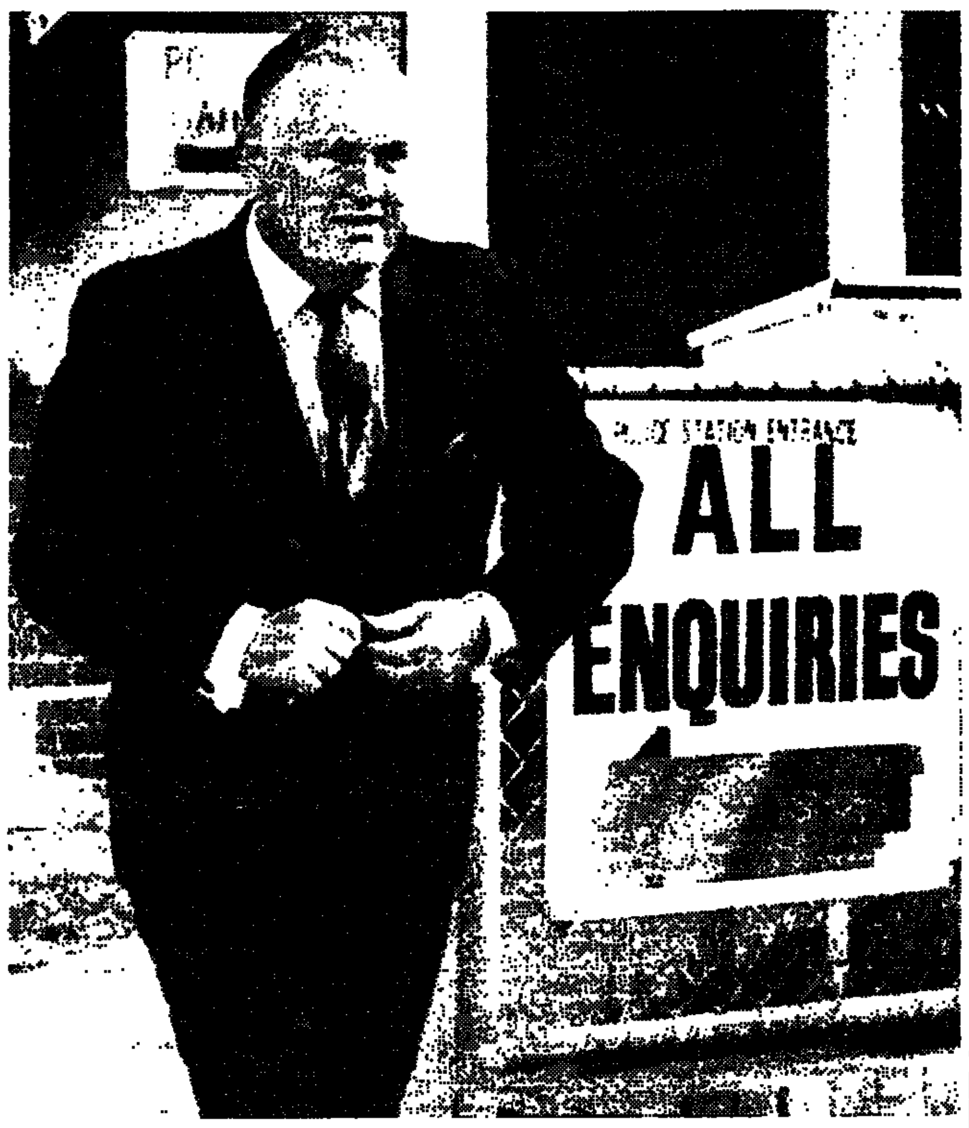
The serving of the notice may turn out to be one of the last acts in the saga of Mr Bond, who became a national hero on September 26 1983, when his yacht won the America's Cup. However, his financial problems mounted after the global stock markets crash in 1987, and on the same date last year he resigned as chairman of Bond Corporation.

Less than two years ago, Australia's Business Review Weekly magazine estimated his personal wealth at A$100m. Now the Rolls-Royce has gone, the furniture has been sold to pay legal fees, and Mr Bond lives rent-free in his mansion courtesy of a trust fund.

Mr Bond claims the judge misunderstood his financial position, and says he intends to appeal against the order instructing him to repay the debt.

Nevertheless, bankruptcy proceedings seem likely to begin in a month's time.

Mr Bond also faces charges of dishonesty relating to share dealing in Western Australia.



Alan Bond leaves a suburban Perth police station after lodging a complaint about the behaviour of a court official who served a bankruptcy notice on him

# BAe to pay ousted chief around £300,000 a year

By Robert Peston in London

BRITISH Aerospace will continue to pay Sir Roland Smith substantial consultancy fees, likely to be £300,000 ($520,000) a year, until May 1993, even though he has been ousted from the chairmanship of the UK automotive and aerospace group.

He will not receive any compensation or advance payments, according to one of the company's advisers. However, he will continue as a consultant to the company. "None of his existing financial arrangements with BAe will change", the adviser said. He added that it was not clear whether Sir Roland would provide any services to the company in return for the remuneration.

In 1990, Sir Roland earned £313,000. Included in this were £300,000 in consultancy fees which were paid to Sir Roland's company, Roland Smith and Associates, in respect "of the services Professor Smith rendered as Chairman".

Sir Roland's resignation was confirmed formally at midnight on Wednesday night, after day-long negotiations with the rest of the board. He will be replaced, temporarily, by Sir Graham Day, who has been chairman of Rover, BAe's car manufacturing subsidiary.

Asked how long Sir Graham would keep the job, an adviser said: "We cannot rush the search for a chairman".

Sir Roland's departure came as a result of pressure from non-executive directors, in the wake of a rights issue and a warning from the company that its profits would be half what the City had been expecting.

They did not hold him responsible for the collapse in profits, but felt his management style - in particular his zeal for takeovers - was no longer appropriate in a recession.

"It became obvious two weeks ago that the board was against him," commented one of Sir Roland's friends yesterday. The board's conviction that Sir Roland should go was stiffened on Sunday, when two UK newspapers carried reports of attempts to oust him. Until then, it was likely that Sir Roland would have stayed until after the completion of the rights issue.

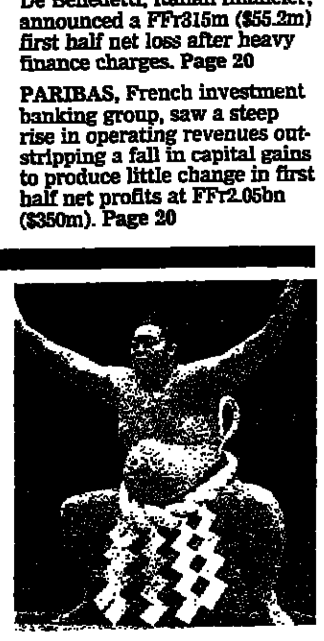
But the board and its advisers became convinced reports of a boardroom split would lead to a collapse in British Aerospace's share price. They were concerned that shareholders would not take up their rights, leaving the new shares with underwriters.

British Aerospace shares yesterday edged up 3 to 428p, remaining only 48p above the rights issue price of 380p. Although the rights issue is fully underwritten, it remained uncertain whether the issue would be a success.


■ Editorial Comment; In search of a guidance system, Page 16
■ Bloody battle in the boardroom, Page 17
■ Lex, Page 18




**Weekend FT**



**Tomorrow: The rite stuff: Lyall Watson on the appeal of Sumo and its rituals**

●

**The golfing joker in Europe's Ryder Cup pack**

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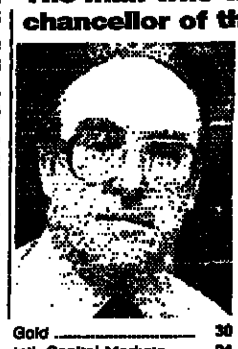
**The man who would be the UK's chancellor of the exchequer**



In Britain, as a general election looms, the opposition spokesman on the economy, John Smith, explains what policies the Labour party would adopt after more than 10 years of Tory rule
Page 11

MARKETS

**STERLING**
**New York lunchtime:**
$1.7325
**London:**
$1.733 (1.7335)
DM2.915 (same)
FFr9.935 (9.9375)
SFr2.54 (same)
Y231.5 (231.0)
£ index 90.9 (91.0)

**GOLD**
**New York:** Comex Dec $354.1 (356.3)
**London:**
$351.95 (352.75)

**N SEA OIL** (Argus)
Brent Nov
$20.725 (20.525)

Chief price changes yesterday: Page 19

**DOLLAR**
**New York lunchtime:**
DM1.68325
FFr5.7345
SFr1.4645
Y133.655
**London:**
DM1.6825 (same)
FFr5.7325 (same)
SFr1.465 (same)
Y133.5 (133.25)
$ index 64.8 (64.8)
**Tokyo close:** Y133.43

**US lunchtime rates**
**Fed Funds:** $5\frac{3}{8}$%
**3-mo Treasury Bills:** 5.284%
**Long Bond:** $102\frac{13}{32}$
yield: 7.902%

**STOCK INDICES**
**FT-SE 100:**
2,595.6 (−2.2)
**FT Ordinary:**
2,025.2 (−3.7)
**FT-A All-Share:**
1,257.16 (same)
**New York lunchtime:**
DJ Ind. Av.
3,024.37 (+3.35)
S&P Comp
386.61 (−0.27)
**Tokyo:** Nikkei
23,968.08 (+390.66)

**LONDON MONEY**
**3-month Interbank:**
$10\frac{3}{16}$% ($10\frac{5}{16}$)
**Liffe long gilt future:**
Dec $95\frac{21}{32}$ ($96\frac{3}{32}$)

BUSINESS BOOKS / How America lost its industrial leaders
Problems and solutions for the EC
The detailed history of a car maker

## EUROPEAN NEWS

# Georgian capital again on the brink of armed conflict

By Neil Buckley in Tbilisi

OPPOSITION troops in Georgia ignored a government-imposed deadline to hand over their arms last night, leaving the capital, Tbilisi, again on the brink of armed conflict.

Rebel national guardsmen prepared for a possible government attack on their stronghold in the television centre, positioning a howitzer at the top of the wide approach road, and blocking it with buses and lorries.

Pro-government guardsmen and special troops began to leave their temporary base in the courtyard of the main government building for an undisclosed destination.

Roadblocks were set up by government troops on all roads leading to the TV centre, checking vehicles for arms.

President Zviad Gamsakhurdia warned that measures would be taken against opponents who refused to hand over their weapons. Speaking shortly before the deadline passed, Mr Gamsakhurdia said: "We will try to avoid bloodshed. But this is terrorism, and you know what terrorism means.

"We will use the methods all governments must use to fight terrorism."

A government spokesman was evasive about whether the opposition headquarters in Georgia's television centre would be stormed, but said he did not believe Mr Gamsakhurdia was preparing to give such an order.

He was confident that the majority of the opposition, which was beset by internal divisions, would hand over its arms.

At the television centre, there was little evidence of a split in the opposition, as a crowd of around 4,000 people demonstrated their support.

Earlier, Mr Tengiz Kitovani, commander of rebel national guard units, claimed government troops had tried to attack the guard's base at Shavnabada, just outside Tbilisi, in the early hours, but had been driven back. Three people were said to have been killed.

The government denied the allegation, and the city's only mortuary said it had received no bodies.

The government in turn accused the opposition of several acts, including firing on Mr Gamsakhurdia's residence.

**Mark Nicholson adds from Moscow:** At least three people have died in clashes in the disputed enclave of Nagorno-Karabakh since the leaders of Armenia and Azerbaijan agreed to call a ceasefire in the region and start peace talks.

The violent exchanges, which include stonings, shootings and the shelling of Stepanakert, capital of the disputed territory, highlight the difficulties faced by the presidents of Armenia and Azerbaijan in enforcing the ceasefire brokered earlier this week by Mr Boris Yeltsin, president of Russia.

Tass, the news agency, reported that two Armenians were shot dead near Stepanakert on Wednesday by forces it described as Azerbaijanis in military uniforms.

Armenian groups responded by overturning a bus on the road south from Stepanakert to Shusha, an Azerbaijani village in the predominantly Armenian Nagorno-Karabakh.

An Azerbaijani inspector who visited the scene was later shot and killed when Armenian groups fired and threw grenades at his car, three other Azerbaijanis were wounded.

Sporadic shooting was reported to have continued in the region throughout the rest of the evening, and at least eight shells were fired from Shusha into Stepanakert during the late evening. One of these was reported to have hit a children's hospital and injured a young girl.

Croatian militiamen who have been involved in continual clashes with Serbian forces for the past few days around the town of Bilaj

# Shevardnadze warns of 'danger' as he joins Gorbachev's council

By Mark Nicholson in Moscow

MR Eduard Shevardnadze, the former Soviet foreign minister, has agreed to join a new council of advisers to President Mikhail Gorbachev to oppose the continued "menace" from hardline forces in the country.

Mr Shevardnadze, who accused Mr Gorbachev of culpable negligence over last month's failed coup, said he now believed the Soviet president was "vigorously" committed to radical reform and considered his own appointment to the new Presidential Consultative Council a "high honour".

The nine-member body, which Mr Gorbachev named late on Wednesday, is a mix of radical reformers and long-time Gorbachev allies and, although its precise brief remains unclear, is designed to shore up the executive power of the presidency.

Among the nine are five founder members of the Democratic Reform Movement, including Mr Shevardnadze, Mr Alexander Yakovlev, one of the architects of perestroika, Mr Gavriil Popov, the mayor of Moscow, and Mr Anatoly Sobchak, mayor of St Petersburg.

The council also includes several democratic leaders close to Mr Boris Yeltsin, the Russian president, and is seen by many as both a bridge between the Kremlin and the Russian "White House" and an attempt by Mr Gorbachev to identify himself more closely with the leading forces of reform.

Mr Shevardnadze told Tass, the news agency, yesterday that he saw it as his duty to join other reformists on the new council in helping stabilise the country.

"The menace has not been removed," he said. "It is mounting. There is danger that the positions of the right-wing, reactionary forces will strengthen."

Mr Shevardnadze's first role is to head a delegation to negotiate with Lithuania on the terms of the Baltic state's residual ties with Moscow and Lithuania yesterday welcomed his appointment.

Mr Gorbachev also named Mr Sobchak and Mr Yakovlev as special envoys respectively to Estonia and Latvia to start negotiations – so far the new council's only defined task.

**Anthony Robinson adds:** The most vocal advocates of democracy before the abortive Soviet coup have been forced to re-establish new forms of direct executive power to forestall the risk of an authoritarian backlash provoked by the ungovernable situation and economic collapse, a senior Soviet political analyst, Mr Andranik Migranian, told the Royal Institute of International Affairs in London yesterday.

The decision by Mr Boris Yeltsin to emulate Czarist practice and directly appoint "prefects" to act as his eyes and ears in the big cities and far-flung provinces, and the more authoritarian positions taken by the mayors of Moscow and St Petersburg, were all part of this trend.

# Carrington hopeful on Yugoslav ceasefire

By Ronald van de Krol in The Hague

LORD Carrington, chairman of the Yugoslav peace conference in The Hague, said yesterday he would accelerate efforts to strengthen the ceasefire.

The conference, meeting for the first time since it was adjourned last week because of heavy fighting in Croatia, is to set up working groups – on constitutional matters, minority rights and economic relations between the republics.

Lord Carrington said there were now "hopeful signs" of improvements on the ground. "The ceasefire, though fragile, seems to be holding," he said after two hours of talks with the foreign ministers of the six Yugoslav republics and the Yugoslav foreign minister.

Starting next week, the working groups are to meet in nearly permanent session in The Hague. Two previous groups on human rights and constitutional matters had met only sporadically.

"We came to the conclusion that the ceasefire was holding sufficiently for us to go on with the conference and to accelerate it in so far as it is possible to do so," he said.

"We believe that by making progress – if we can make progress – we think it will be more likely that the ceasefire will hold and that we can get a solution that is acceptable to all the parties to the dispute."

The new working group on economics will examine whether there should be a central bank or a monetary union among the six republics once they have settled their differences and agreed on a future framework for their political relations.

The three groups will be chaired by officials from the European Commission, which has been trying to broker a peace agreement in Yugoslavia since July.

They are expected to identify problems and issues to be put before a special arbitration commission consisting of five eminent European constitutional lawyers.

Lord Carrington said minority groups in Yugoslavia, while unable to take part directly in The Hague conference, would be heard by his two deputy chairmen, who will then report back.

Groups such as the Albanians in Yugoslavia had complained bitterly about being shut out of the conference.

● The Yugoslav federal army yesterday agreed to withdraw some of its reservists from Bosnia-Hercegovina, a move which should ease tension between Moslems, Serbs and Croats in the central republic, write Judy Dempsey in Zagreb and Laura Silber in Belgrade.

Bosnian officials had feared that the pro-Serb federal army intended to lay the foundations of a Greater Serbia by carving territory out of Bosnia-Hercegovina.

The Bosnian government has agreed to lift blockades of federal army units in return for the withdrawal of the reservists.

Despite the army withdrawal, reports persisted in Belgrade of a planned mass mobilisation. The reports have prompted thousands of men to go into hiding or flee.

In Croatia, Mr Mihajlo Zarkovic, deputy commander of the army camp at Prevlaka, near the Croatian tourist resort of Dubrovnik, said Croatian national guardsmen yesterday attacked army units at Kumbor, just inside Montenegro.

Army units began withdrawing from Vinkovci, a Croatian town and key railroad junction 10 miles west of the border with Serbia, after a local agreement between army officers and Croat security forces.



# Economists plot go-it-alone strategy for the Ukraine

By Chrystia Freeland in Kiev

IN CONTRAST with the prevailing western view that it makes economic sense for the Soviet Union to stay together, a group of eminent foreign advisers is arguing that independence will give former Soviet republics the best shot at radical economic reform.

On that premise, a high-powered western team, including Sir Geoffrey Howe, the former British chancellor of the exchequer, Mr George Soros, the Hungarian-born financier and philanthropist, and Mr Rudiger Dornbusch, the Massachusetts Institute of Technology economist, met Ukrainian leaders last week to begin drafting an economic reform programme.

Working with a group of Ukrainian economists, led by Mr Volodyamyr Pylypchuk, head of the parliamentary commission on economic reform, they hope to produce a plan by the beginning of next year.

The idea is to introduce a separate currency backed by price reform, a balanced budget and tougher budget constraints on enterprises. A massive privatisation campaign, with favourable conditions for foreign investors, would follow for an economy which accounts for one-third of Soviet agricultural production and a quarter of industrial output.

Mr Soros, who made a fortune playing the capitalist game, says: "I think it is easier to guide the Ukraine into a democratic, market-oriented economy than it is to reform Russia because there is a unifying force here: they all want to break with Moscow. It is very difficult to break with Moscow in Moscow."

Paradoxically, Moscow's own policies are creating an economic rationale for what was already a powerful emotional desire to cut ties with the centre by creating a separate currency.

"Yeltsin has discovered the printing press. He may well be setting a world record for the creation of money," said Prof Dornbusch. Most of those new banknotes stay in Russia: Ukrainian banks have received only 19 per cent of their cash needs this month and are paying wages with up to 12 days' delay.

But new-found independence can bring its own economic perils. The Ukrainian cabinet is more intent on bringing the economy under its own control than on leaving it to the market.

Enterprises ranging from Donbass coalmines to collective farms have been forbidden to make barter deals with partners outside the republic, while the Ukrainian National Bank, which has long complained about the Kremlin's monopoly on hard currency, is trying to take over all hard currency accounts held in Ukrainian commercial banks.

"Kiev wants to replace Moscow," complains Mr Volodymyr Slednev, director of a mammoth metallurgical complex in eastern Ukraine.

The parliament is a poor counterweight to a reactionary cabinet. Its chairman, Mr Leonid Kravchuk, is a sort of Ukrainian Gorbachev – a brilliant compromiser and mediator. But, like the Soviet president, he is unable to provide the decisive leadership needed in the aftermath of the failed coup.

The nationalist opposition which controls parliament is reluctant to attack Mr Kravchuk. It does not want to antagonise him or the Ukraine's 3.5m other ex-Communists because it needs their co-operation to guarantee a "yes" vote in the December 1 referendum on independence.

On the campaign trail, Mr Kravchuk has demonstrated a firmer grasp of what the public wants to hear than what it should be told about economic reform. He is persuading voters to cast their ballots for independence with the promise that in a sovereign Ukraine prices will be lowered.

That is a very different scenario from the radical reforms planned by Mr Pylypchuk and his western advisers, which would mean belt-tightening, fiscal discipline and higher prio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# Brussels energy tax expected to raise Ecu53bn

By David Gardner in Brussels

THE European Commission's proposed energy tax would raise Ecu53.5bn ($65.27bn), according to a preliminary calculation by the Commission's energy directorate.

The tax, proposed on Wednesday, aims to reduce emissions of greenhouses gases which contribute to global warming. The tax receipts, which would be collected nationally and offset by cuts in other taxes under the Brussels plan, would come overwhelmingly from the most industrialised parts of the EC.

The poorer, southern member states, which had been concerned that the proposed tax would stunt their industrial development, would have to adjust their tax systems by smaller than average amounts, both per capita and as a percentage of national output.

The brunt of the taxation switch would fall on the richer countries. Yet it was partly because of concern that some northern members, mainly Germany, Denmark and the Netherlands, would go ahead and introduce similar taxes, that the Commission felt compelled to act. Brussels feared that unilateral action would create distortions in the EC's single market and undermine a common environmental policy.

The tax proposed is a mixed levy falling half on fossil fuels according to carbon content, and half on all other forms of non-renewable energy. Brussels would like to start it at the equivalent of $3 on a barrel of oil in 1993, rising $1 a year to reach $10 by 2000.

The Commission's calculations were based on a differently mixed levy – with 25 per cent on carbon fuels and 75 per cent on other forms of energy – so that the position of heavy coal consumers like Spain, for instance, would be worse than its figures suggest.

Of the Ecu53.5bn receipts, Ecu17.6bn would be raised by Germany, Ecu10.1bn by the UK, and just over Ecu7bn each by France and Italy. Spain would raise Ecu3.4bn, and Portugal Ecu0.7bn. The per capita impact would be Ecu225 for Germany, Ecu176 for the UK, Ecu129 and Ecu122 for France and Italy, but Ecu89 and Ecu66 for Spain and Portugal.

# Greek PM warns of need to modernise

GREECE will be left behind by the European Community unless its economy is modernised and brought into line with its trading partners, prime minister Mr Constantine Mitsotakis said yesterday, Reuter reports from Athens.

"Marginalisation is not just a theoretical threat but an unavoidable development if the Greek economy cannot find the way towards equilibrium, recovery and convergence with the broader economy of Europe," he told a conference marking 10 years of Greece's EC membership.

He vowed that his conservative government would pursue its austerity programme to cut big budget deficits and the EC's highest inflation rate.

He said a main target was to join the exchange rate mechanism of the European monetary system by January 1 1994. "But this target is unattainable if we do not substantially reduce our deficits and if inflation does not decline to a single-digit figure."

The budget deficit is unlikely to hit the target of 16.6 per cent of gross domestic product in 1991. Inflation was down to an annual 17.4 per cent in August, compared with 21.9 per cent a year earlier.

Italian coalition deadlock over spending curbs

# Andreotti attempts to patch up budget divisions

By Robert Graham in Rome

Andreotti: trying to placate factions

PREPARATION of the 1992 budget is causing divisions within the Italian government and could lead to early elections.

The budget is due to be finalised by September 30 but the four-party, Christian Democrat-led government of Mr Giulio Andreotti appears deadlocked over how to cut spending.

Mr Andreotti has been attempting to placate the factions within his government amid speculation he will have to dissolve parliament.

The disagreements have emerged less than two months after the coalition agreed to paper over differences and see this legislature through its full five-year term until June 1992. It would be the first time this has happened since the war. Mr Andreotti began this, his seventh, government in April and it is composed of the Christian Democrats, Socialists, Liberals and Social Democrats.

A change in Italy's generous state pensions is one of the most sensitive issues under consideration.

A formula was agreed in August to raise the pensionable age to 65 years from 60 for men and 55 for women. This was expected to save L18,000bn ($14.4bn).

The gradual increase in pensionable age, to be completed by 2005 for men and 2115 for women, was expected to save some lire eventually, but more important, the government intended this to be a signal both to Italians and the European Community that the authorities were prepared to curb welfare payments that the state could not afford.

Pension reform has been pushed through by Mr Franco Marini, the labour minister and former secretary general of the Christian Democrat trade union confederation CISL. But the Socialists in the coalition want merely a voluntary change in the pensionable age.

Their attitude undermines the spirit, if not the value, of the pension reform. In itself this could provoke Mr Marini's resignation.

With the Socialists reluctant to proceed with pension reform, this in turn complicates the government's task of devising a budget which satisfies all coalition partners and tackles the budget deficit. The budget deficit for 1991 is expected to be closer to L150,000bn than the L127,000bn forecast.

This is over 10.5 per cent of GDP, and is virtually all accounted for by debt service payments. On Monday the OECD in its annual report on Italy warned of the dangers in failing to tackle the public sector deficit.

Mr Andreotti is attempting both to boost revenues and to cut spending with a weak hand. His colleagues believe any deal would have to be a compromise, because no member of the government wishes to incur electoral wrath when elections are at most eight months away.

Behind the battle over the budget, which has always been an annual cliffhanger, lie two important issues.

The first concerns Italy's ability to carry out structural economic reform to bring it into line with its main European partners for 1992 and the next phase of monetary union. If the cabinet ducks the reforms now, they will have to be confronted after next year's elections.

The second issue involves institutional change in Italy and the possible advent of a new generation of politicians. The present legislature is expected to be the last presided over by Mr Andreotti. Mr Francisco Cossiga's term in the presidency also ends next July. Of late he has shown increasing signs of wanting to be seen as a positive force for change in the history books.

Within the cabinet there is reported to be general agreement on a substantial tax amnesty as a means of persuading Italians, especially private sector business, to pay future contributions. The business community, led by Confindustria, the employers' organisation, is urging the government to freeze public sector pay. Public sector wages have increased in real terms on average by 9 per cent in each of the past two years – more than double the private sector.

## NEWS IN BRIEF

### Germany's inflation eases amid pay fears

By Christopher Parkes in Bonn

THE upward trend in the west German cost of living index weakened in September, but early indications from the annual pay round suggest that Bundesbank warnings about the inflationary dangers of a pay-and-prices spiral may be ignored.

Prices were 3.9 per cent higher than in September last year, following a 4.1 per cent increase in August, according to preliminary figures released by the government statistics office yesterday. The Deutsche Bank said it expected a further deceleration in price rises during October, and an overall increase in the cost of living index for the year of 3.5 per cent.

However, news of a 6.5 per cent pay increase for 220,000 insurance and banking workers, and rumblings from the industrial front are giving cause for concern. Construction companies, for example, enjoying a building boom in east and west Germany, expect to face union demands for pay and working hours parity with metal and chemical industry workers.

### Renault seeks aid for job cuts

Renault is to seek aid from the government and the European Commission for job creation schemes following heavy cuts in its workforce, writes William Dawkins in Paris.

The French car group says it must lose thousands of workers to face the increased Japanese competition resulting from the recent car import accord between Brussels and Tokyo.

France's bilateral accord with Tokyo limiting Japanese imports to 3 per cent of the French market would disappear by 1993, along with bilateral curbs by four other member states.

Mr Raymond Lévy, Renault's chairman, believes Renault needs to cut its workforce by 40 per cent to bring productivity to Japanese levels. Renault says there are no formal plans to make job cuts on that scale although it will lose 4,620 jobs this year. This would bring the payroll to 63,128 by December, already 40 per cent below the peak of 105,300 in 1980.

### Boulogne plea over ferry route

THE port of Boulogne has asked the French Government to back its efforts to find a new operator for Sealink Stena Boulogne-Folkestone ferry service, to be axed at the end of the year, writes William Dawkins in Paris.

Boulogne Chamber of Commerce and Industry has asked the government to "intervene" to encourage Société Nouvelle d'Armement Transmanche (Snat), Sealink Stena's French partner, to take full charge of the route.

The loss of the Sealink Stena route will cost at least 200 jobs and FFr30m (£3m) a year of sales, in area where unemployment runs well above the average, says the chamber of commerce.

Snat, the French ferry operator, has told the chamber it is not interested in taking full control of the line. Like Sealink Stena, it is cutting costs in the face of sluggish demand and looming competition from the Channel Tunnel.

### French unemployment falls

Unemployment in France fell slightly last month for the first time in a year, bringing the total to 2.75m or 9.5 per cent.

Mrs Martine Aubry, the labour minister, warned that this was because of seasonal declines in the number of young people seeking jobs and in the number of redundancies. She expected a rise in young job seekers this month. Unemployment is causing growing concern to the government, which has reacted with measures to support small business and encourage apprenticeship.

### Irish petrol prices to rise

Petrol price controls are to be lifted in Ireland from October 1, the Department of Industry and Commerce said, writes Tim Coone in Dublin. This follows complaints from petrol distributors that margins have shrunk considerably since the last margin increase of 6 per cent six years ago.

Four-star petrol costs around 62 Irish pence (57 pence) per litre, about 20 per cent higher than in the UK. Industry sources say prices could rise by as much as 4 Irish pence.

**EUROPEAN NEWS**

# Soviet media join rush to the market

## Fledgling businesses offer fertile pickings for budding newshounds, writes Leyla Boulton

OBSTACLES hindering the creation of a market economy in the Soviet Union have failed to deter budding media tycoons.

The past year has seen a surge of new newspapers, magazines, agencies and television programmes devoted to fledgling *biznez* (business) and the ailing Soviet economy. The prize is a foothold in a news market seen as having a richer future than any other and, for those businessmen who are setting up their own media, to have a say in what is published.

The often incestuous relationship between the country's fledgling entrepreneurs, the business media and government circles would horrify anybody who sought to apply the ethical standards of developed market economies.

Mr Yuri Kirpichnikov, editor of Business World newspaper, sees no conflict of interest in handling public relations for three commodity exchanges. He talks instead of an alliance between business and the media, necessitated by a common push for a market economy. "The situation forces us to depend on each other," he said in an interview before the Moscow coup attempt, which led to the removal of many of the ideological barriers to a market economy.

The justification used by many like him is that the media have an obligation to enlighten the public and undo the damage of seven decades of communist brainwashing.

The rush to the market has even involved state officials. Earlier this year, for instance, Mr Arkady Maslennikov, spokesman for the Soviet parliament, became the chairman of the editorial board of a business newspaper called Birzheviye Vedomosti (Bourse Gazette). He too sees no ethical conflict in combining two jobs which would probably be considered incompatible in the west.

"My conscience is clear. But if I were, say, chairman of parliament's economic committee, then my position would be open to investigation," he said.

But most worrying – although perhaps inevitable at a time of chaotic economic transformation and in a country previously starved of private capital – is the practice whereby businessmen create media channels to report specifically on their activities.

The Russian Commodity and Raw Materials Exchange, one of the biggest in the Soviet Union, has been particularly energetic in trying to develop *its own information empire* alongside its trading activities.

Long before the coup attempt it "bought" two pages a week in Moskovskaya Pravda, the Moscow Communist party daily newspaper, to *publish a mini-newspaper* called Birzhevaya Gazeta (Bourse Newspaper). Its most ambitious undertaking so far has been to create the Economic News Agency (ENA), which aims to become the Soviet equivalent of Reuters.

But that is exactly what Interfax, the Soviet Union's first independent news agency, plans to do, suggesting one of the toughest media battles will be fought in this arena.

"We want to integrate the Soviet business space into the world network of business information," says Mr Andrei Martynov, Interfax's business editor. Interfax already produces a daily bulletin called Exchange News, covering about 50 Soviet-style exchanges.

ENA's first action has been to declare a monopoly on the distribution of the Russian exchange's prices. It also has a *starting capital of Rbs20m* ($12m) and offers big salaries to journalists.

They are both trying to team up with a big international news agency, such as Reuters or AP-Dow Jones, to benefit *from foreign know-how and* technology and to gain a foothold in foreign markets. In return they are offering to share information about the Soviet Union and local clients.

Where the ENA has money, Interfax has a network of correspondents, customers and experience. It is already distributed in the US and Japan. The role it played in supplying news during the coup also helped to enhance its image.

But Mr Mikhail Komissar, editor of Interfax, warns against a new attempt to suppress freedom of information, despite the final defeat of communist rule. "New business structures are trying to buy the media," he says.

The coup's defeat and the subsequent promise of economic liberalisation have clearly made the Soviet Union a more attractive place for foreign business media to invest in. *Not only will investment* become easier but the country itself will generate more information, which businessmen need.

And for those concerns *already operating*, life will become less risky and lonely.

France's Groupe Hersant, for instance, has over the past year helped to bring out a glossy monthly magazine called Business in the USSR. Printing 120,000 copies in Russian and 40,000 in English it is not yet making a profit, because of a shortage of advertising.

But as the news about the Soviet Union gets out, this may change.

# Estonia harbours hopes of reviving maritime heritage

By Gillian Tett in Tallinn

IF THE hungry Soviet republics are forced to step up *their imports of grain this* winter, one man at least will be hoping to profit.

Mr Nathan Tonnisson, director of the Estonian maritime board, is fervently hoping rising Soviet imports of grain *and other foodstuffs* this winter will kickstart his plans to develop Estonia's ports into a key transit point for Soviet and western trade.

In the aftermath of the Baltics' independence, Estonia was given control over its shipping and ports, including Tallinn new port, the main grain-importing point in the Soviet Union.

"Tallinn is placed to become a major trade link, not just for grain imports, but for a lot of western and Soviet trade," says Mr Tonnisson who, like many of his colleagues, dreams of reviving Estonia's maritime and trading heritage and turning the republic into a "Hong Kong of the Baltics".

Their ambitions lie in two directions. First, Estonians are hoping to expand their role in the Soviet Union's trade with Europe, believing that if Estonia's ports were developed they could become *a launching pad from which* western businesses could reach the Soviet hinterland.

Second, and more intriguing, Estonians and Finns are hoping to develop a new north-south ferry link between the two countries. If this could be combined with improved rail or road infrastructure through the Baltics to eastern Europe it would create an alternative trade route from Finland to eastern and central Europe.

*The key to these ambitious* plans is Estonia's ports. Before Soviet occupation in the 1940s, Estonia had some 26 ports, which handled nearly 14 per cent of all Soviet tonnage. But limited Soviet investment in Estonia's maritime trade in the last 50 years has left only three ports operating, two of which are based at Tallinn.

Between them they handle more than 7m tonnes of cargo, mostly imports. Although this represents a meagre 2 per cent of the overall Soviet cargo tonnage, the bulk of the traffic at Tallinn's new port – one of the most modern in the Baltics – covers grain and refrigerated foods. It has the largest silo capacity in the Soviet Union.

The ports also play a key role in passenger traffic, primarily between Scandinavia and the Baltics.

The old Tallinn port handled more than 600,000 international passengers last year, three times as many passen-


gers as the Black Sea port of Odessa and six times as much as Leningrad.

*But Estonia faces* a difficult task in converting this hitherto limited traffic in grain and passengers into a fully fledged transit route, not least because its road and rail networks remain in as poor condition as the rest of the rapidly disintegrating Soviet transport system.

Estonia's main success so far has been a FM200m ($49.3m) deal signed last week between its state oil company and the Finnish oil company *Neste to build an oil terminal* at Tallinn. According to Mr Riho Sild, Estonian deputy energy minister, the terminal's primary role is likely to be handling Soviet oil exports, possibly to Finland.

Estonian officials hope they will attract other development projects, as Tallinn's ports are relatively well placed to compete with those of its neighbours. Not only is Tallinn the deepest Baltic harbour – with a depth of 18m – its conditions in winter are more favourable than those found in Leningrad.

The key obstacle remains the lack of infrastructure, particularly in north-south links between the Baltic republics. Under the old centralised Soviet economic system, most of the trade – and hence most of the transport links – were based on a central Russian hub. As a result, road and rail links along the proposed route between Estonia, Latvia and Lithuania are poor and Lithuania lacks a rail link or developed road system into Poland.

*Furthermore, attempts to* develop a trucking and car link between Scandinavia and the Baltics have been hampered by the fact that Tallinn's ports are designed to handle cargo and passenger traffic separately.

Captain Peeter Veegan, director of the Finnish-Estonian joint venture Tallink, which, like a number of other Estonian-Scandinavian joint ventures, operates a regular passenger and cargo link *between Tallinn and Helsinki*, says: "What we need is a system like the cross-Channel ferry system in England."

Estonia clearly lacks the capital needed to develop its infrastructure. However, it is not yet clear how far the country is prepared to relinquish its newly-won control of the transport sector to foreign interest.

The Estonian foreign investment law, passed last week, is among the most liberal in the Soviet Union, but it nevertheless limits foreign ownership in strategic areas of the economy, which may include transport.

As yet the maritime board has no plans to privatise its ports and is wary of proposals to denationalise Estonia's small shipping line, over which it has only just taken control.

However, Estonians like Captain Veegan remain convinced that foreign investment will eventually flow into the transport sector.

"The government knows that we can't survive without developing our trade to the west," he says. "But before we get the trade to Estonia, we will have to get the transport."

## War-torn Yugoslav republic's foreign exchange reserves have been hit severely

# Croatia appeals for loans to fund crucial imports

By Judy Dempsey in Zagreb

BANKRUPT Croatia is seeking a minimum of $3bn in soft loans from western financial institutions to fund crucial imports, government officials said this week.

The war had cost the republic the equivalent of one year's gross domestic product and "our foreign exchange reserves are depleted", Mr Stjepan Zdunic, minister of the economy, said.

"We now have about $35m left. It is nothing."

Three months of fighting in Croatia had kept foreign investors and tourists away, while contracts with foreign partners had been broken and western governments refused to extend export credit guarantees.

Mr Zdunic said the tourist sector, which accounted for more than 20 per cent of Croatia's $15bn GDP last year, "has been completely wiped out". Officially, revenue from foreign tourists amounted to $3.5bn in 1990, but the full contribution rose to $5bn when undeclared earnings were taken into account.

The collapse of tourism has led to a sharp rise in tourist sector unemployment, which has helped take the overall joblessness rate to about 13 per cent this year.

The industrial sector has also been seriously affected by

The tourist sector has suffered badly, leading to a sharp decline in revenue

federal army bombardment of Croatia's western ports of Split and Sibenik, as well as the eastern towns of Gospic, Osijek, Vukovar and Vincovci. Over the first seven months of this year industrial production fell 19.9 per cent; after heavy fighting this month the fall in industrial production for the whole year could be between 40 and 50 per cent.

"When the destruction of fixed assets and infrastructure, and loss of current incomes, are taken into account, the cost of the war will be the equivalent of one year's GDP," Mr Zdunic said.

Such losses made it impossible to balance a budget whose deficit now equals 40 per cent of GDP, despite government price and tax increases. At the same time Croatia's Chamber of Commerce recently published statistics showing that the cost of maintaining the 232,400 Croatians who have fled the fighting to other parts of the republic – or to Hungary, Austria or Germany – is about DM2m ($1.1m) daily.

# OBITUARY

**Sir Yue-kong Pao,** CBE., LL.D., J.P.,

beloved husband of Sue-ing, father of Anna, Bessie, Cissy and Doreen, father-in-law of Helmut, Peter, Shinichiro and Edgar, and grandfather of Michele, Andreas and Philip Sohmen, Jacqueline, Jennifer and Douglas Woo, Kenzo and Tommy Watari, and Kristina and Stephen Cheng, passed away peacefully on 23rd September, 1991 at home, aged 73.

A funeral service will be held at 11:00 a.m. on Thursday, 3rd October, 1991 at the Hong Kong Funeral Home, 679, King's Road, Hong Kong.

Donations in lieu of flowers should be made to Community Chest of Hong Kong, World Trade Centre, P.O. Box 888, Hong Kong or Hong Kong Bank Account No. 002-325363-002, specifying that the donation is in memory of Sir Yue-kong Pao.

## AMERICAN NEWS

# El Salvador's warring parties break deadlock

By Lionel Barber, US Editor, in New York

THE El Salvador government and five guerrilla commanders have reached a broad agreement on the country's economic and political future, including steps to "purify" the armed forces and to reintegrate the rebels into civilian life.

The agreement lays the groundwork for a permanent ceasefire, and both sides yesterday said it could mark the first concrete step towards ending the 11-year-old civil war which has ravaged El Salvador. Talks are to resume on October 12.

Mr Javier Pérez de Cuéllar, *the UN secretary general* who called the opposing parties together 10 days ago for talks in New York in an *effort to* close 18 months of UN-sponsored negotiations, said: "The Gordian knot has been untied."

The US, which has given more than $4bn to the government of El Salvador over the past 10 years, despite criticism about army "death squads" and human rights abuse, welcomed the New York accords.

Mr Bernard Aronson, assistant secretary of state for Central and Latin America, said: "If the guerrillas mean what they say in these documents, then the war is over."

The breakthrough stems partly from both sides agreeing to accept on trust assurances about the future integration of the Marxist rebels in civil society – without a ceasefire first being in place.

Under the agreement, a new national peace commission – made up of two government representatives, the Farabundo Marti National Liberation Front (FMLN) guerrillas, the church and other political parties – will supervise enforcing *the political agreement. Its* recommendations are binding on all parties, and it will rule *by majority*.

The El Salvador government has agreed to a guerrilla request to protect the right of guerrilla families and sympathisers to hold on to land they have occupied during the war. In principle, it was also agreed to reduce the size of the politically powerful Salvadorean military, although the rebels appear to have dropped demands to incorporate some of their officers into the regular army ranks.

# Budget compromise begins to strain at the seams

## Recession and Soviet upheaval have wrought havoc on efforts to cut the deficit, writes **George Graham**

THE BUDGET compromise laboriously forged last year between the US administration and Congress is already showing signs of strain, as international upheaval and domestic recession wreak havoc on the conditions on which it was based.

The agreement aimed to cut the US budget deficit dramatically over the 1991-95 period. President George Bush agreed to raise taxes and his Democrat opponents in return accepted tough spending curbs.

But the turmoil in the Soviet Union has prompted calls for the rewriting of the budget rules to take account of the growing need for food and economic aid and of the dwindling Soviet military threat.

At the same time, Democrats – and some Republicans – are *eager to boost domestic spending* to help deal with the slowdown that hit the American *economy this spring and from* which it is only hesitantly emerging.

Last year's compromise adopted a new approach to the problem of the US's ever-growing deficit. Instead of the deficit targets contained in the old Gramm-Rudman law, the 1990 Budget Enforcement Act divided the budget into two.

For discretionary spending, which must be approved each year in an appropriations bill, dollar ceilings are fixed for three broad categories: defence at $291bn in fiscal 1992, international (mostly foreign aid) at $21bn and domestic at $199bn.

Mandatory spending, such as social security payments, federal employees' pensions or Medicare health benefits, is not subject to the same fixed caps, but legislators must observe a *"pay-as-you-go" rule for such* mandatory expenses and for revenues: any spending *increase must be offset by a* tax increase, and any tax cut must be offset by a spending cut.

These rules have severely dampened congressional enthusiasm for proposing spending.

Nevertheless, legislators have made a variety of efforts to circumvent or stretch the Budget Enforcement Act's provisions. Some congressional committees have, for example, made creative use of the clause which allows the budget agreement to be breached for emergencies: money for fighting forest fires has been designated as emergency funding, even though these fires occur every year.

The emergency clause is also being used by the Democrats in their current attempt to *extend unemployment benefits.* This would get round the obligation to offset this $6bn of *additional mandatory spending* by increased taxes.

**US BUDGET ($bn)**

| | 1992 | 1994 | 1996 |
|---|---|---|---|
| Total spending | 1,504 | 1,534 | 1,605 |
| Discretionary | 549 | 539 | 563 |
| Mandatory | 632 | 717 | 820 |
| Deposit insurance | 115 | 32 | −44 |
| Net interest | 208 | 246 | 266 |
| Revenue | 1,141 | 1,299 | 1,449 |
| Deficit | 362 | 234 | 156 |

*Source: Congressional Budget Office*

Congressman Les Aspin, the chairman of the House armed services committee, has made another suggestion: $1bn of emergency aid for the Soviet Union, which would normally come out of the $21bn international budget, should be transferred from the defence budget.

Administration budget officials appear ready to accept this kind of limited deviation from the letter of their hard-won budget agreement, although they are wary of setting a dangerous precedent.

They are worried, however, that the accumulation of other strains could crack the compromise. For example, Senator Phil Gramm, the Republican from Texas, has sought to counter the Democrats' unemployment benefits bill with an "Emergency Economic Growth Act" including a cut in the top rate of capital gains tax to 19.6 per cent.

Senator Gramm argues that this tax cut would over five years produce $9.5bn of additional revenue because of the additional growth it would encourage, but it would be hard for the administration's Office of Management and Budget (OMB) to score the *measure in the shorter term as* anything but a loss of revenue, which would force offsetting *cuts in mandatory benefit programmes* under the pay-as-you-go rule.

*Further* out, the administration's efforts to sign a North American free trade treaty with Canada and Mexico could create difficulties. Ending tariffs on Mexican imports would create a revenue loss, which the administration would be obliged to offset by cutting mandatory spending on benefits. This would further increase the difficulty of getting the free trade pact past a Congress already concerned *about the possibility of losing* jobs to lower paid Mexico.

Senator Phil Gramm: seeks capital gains tax cut

The greatest strain on the *budget agreement, however,* is expected to come over defence. Traditionally viewed as the biggest piggy bank in town, the Pentagon's budget was already cut substantially last year, and US troop levels are now at their lowest level since the Korean War.

Nevertheless, pressure is mounting from both Democrats and Republicans for much more radical cuts in spending on strategic weapons as the US faces what Mr Bush himself calls "an opportunity for a vastly restructured national security posture."

OMB director Richard Darman appears determined to hold the line on the budget agreement at least until after next year's presidential election. Against these pressures, however, the compromise stands little chance of running its full term until 1995.

After the election, budget officials are ready to consider adjusting the caps on defence, international and domestic discretionary spending, if in return they can win an extension of the pay as you go principle. They regard this as critical if the budget agreement is to reduce the federal deficit.

Right now, it is not having this effect. The Congressional Budget Office predicts a deficit *of $279bn this fiscal year* compared with $220bn in fiscal 1990, and expects a record $362bn in 1992. *It* warns, however, that the figures would have been much worse without the Budget Enforcement Act, and expects a steady reduction in 1993-96.

But administration budget forecasters are confident that if they can only maintain the pay-as-you-go discipline, growing tax revenues will eventually bring the deficit under control, despite the likely surge in Medicare and Medicaid health spending.

# Corruption setback for Menem

By John Barham in Buenos Aires

ARGENTINA'S government is enmeshed in a new corruption scandal, in spite of President Carlos Menem's attempts to clean up the country's image in the hope of attracting fresh foreign investment.

The scandal erupted with the resignation last Friday of Mr Vittorio Orsi as planning secretary, in what then seemed a minor palace coup. However, Mr Orsi has now explained he left the government after learning that a subordinate had signed a "pre-accord" with an Italian company to remodel seven airports, even though the agreement had been rejected in May as being against the public interest.

Mr Orsi alleged yesterday that Mr Francisco Mayorga, his tourism secretary, had resuscitated the agreement, worth $345m, with state-owned Italimpianti even though Mr Orsi calculated the work would in fact cost about $158m. Mr Mayorga was not available for comment yesterday.

The scandal gained added piquancy when it emerged that two Italian businessmen involved in the negotiations had earlier given Mr Menem a Ferrari sports car which he has been made to sell. No buyers have been found for the Ferrari.

Mr Menem purged his cabinet and personal entourage in January after the US embassy made public its anger over government corruption. Later Ms Amalia Yoma, his sister in-law and appointments secretary, together with two government officials, were charged with recycling drug money in Argentina and Uruguay.

● BAT Industries announced yesterday that its Argentine affiliate has been forced to make a $45m provision in its accounts to cover a disputed tax bill.

In 1987-88 BAT's subsidiary bought $31m in tax credits from Koner Salgado, an Argentine company, only to discover later that they were fraudulent.

Although the tax authorities delayed informing companies of the fraud, they now demand full payment plus a further $14m to offset inflation.

Firestone, the US-based tyre company, and Perkins, the US diesel engine group, both face similar demands.

# Quebec premier ready to discuss province's future

By Robert Gibbens in Montreal

QUEBEC Premier Mr Robert Bourassa is ready to negotiate his province's future in a renewed confederation on the basis of the federal government's constitutional package announced on Tuesday.

However although Quebec supports steady progress towards a true Canadian common market, it will not bargain away any economic powers it already holds.

Mr Bourassa favoured the proposed definition of Quebec as a "distinct society", transfer of certain federal powers to the provinces, the idea of an elected senate and a council of the federation to co-ordinate policy making.

In Ottawa, Mr Joe Clark, federal constitutional affairs minister, said Quebec's response meant "we have a good solid basis for negotiating changes."

The Parti Quebecois Opposition in the National Assembly charged that Ottawa was trying to grab more economic power from Quebec. But the federal package's emphasis on economic issues may help Mr Bourassa in his coming fight with the separatists.

● Ontario and British Columbia will post the most solid recoveries from Canada's recession, while Quebec and the prairie provinces are expected to show the weakest growth, the Conference Board of Canada said, Reuter reports.

# Bright outlook for S America

By Leslie Crawford in Santiago

LATIN America's regional output is set to grow by 2.4 per cent in 1991, the first time in four years that the region's economies will grow faster than its population, according to the United Nation's Economic Commission for Latin America and the Caribbean (ECLAC) based in Santiago.

ECLAC's annual assessment of the region's economic health is the most upbeat of recent years. It notes that most countries are enjoying economic growth, leaving behind the scourges of inflation and stagnation that marked the "lost decade" of the 1980s.

Countries that are performing better than last year include Venezuela, which will surpass the 6 per cent growth rate registered last year; Argentina, which is emerging from three years of recession; Chile, now in its eighth year of solid growth; and Nicaragua, which is expected to show some progress after eight years of setbacks.

Not all countries have found the road to recovery. Some, such as Brazil and Peru, remain burdened by a huge foreign debt and high inflation rates. Others are just beginning to embark on the tough structural adjustments needed to put their economies on a sounder footing.

The region's slow convalescence, however, conceals more radical changes. These include:

● A dramatic improvement in the fight against inflation. After standing at 1,200 per cent in 1989 and 1990, the weighted average increase in consumer prices in the region has been reduced to less than 300 per cent a year and shows a clear downward trend.

● Most countries are now functioning with more balanced public sectors as government finances have been balanced by the privatisation wave in the region.

● Private capital is flowing back to the region for the first time since the debt crisis exploded in 1982.

● The foreign debt issue has diminished in importance. International interest rates are falling, providing some relief on foreign debt payments.

*The Economic Panorama of Latin America, 1991. by the UN Economic Commission for Latin America and the Caribbean.*

INTERNATIONAL NEWS

# UN set to agree Iraqi terms on N-inspectors

By Michael Littlejohns, UN Correspondent, in New York

THE United Nations Security Council appeared willing last night to accept most of Iraq's terms for the release of a UN nuclear weapons inspection team detained in Baghdad.

But officials said the council would not agree to an Iraqi request that Mr Rolf Ekeus, Swedish head of the UN special commission set up to investigate and destroy Iraq's most dangerous weapons, should make an early visit to Baghdad for talks.

After further consultations among council members Mr Jean-Bernard Merimée, French president of the 15-nation body, was preparing a statement in response to Iraq's proposals. This was expected to accept its offer to release the detained inspectors if they delivered an inventory of films and tapes of documents they obtained at the Iraqi atomic energy headquarters in Baghdad.

The UN team made a surprise visit to the headquarters and its members were detained after they tried to leave with photocopies of personnel files and other material.

Accusing the inspectors of spying, the Iraqis professed to fear that the material would be turned over to Israeli intelligence.

After a two-day stand-off, the Iraqis made new proposals late on Wednesday which were interpreted by Mr Merimée and other council members as a breakthrough that could resolve the crisis.

Earlier, Baghdad had backed down in another confrontation, agreeing that international inspections could be conducted with the use of UN helicopters, instead of Iraqi aircraft as they had previously demanded.

● The aircraft carrier USS Dwight D. Eisenhower and seven other US Navy ships carrying 9,000 marines and sailors sailed yesterday for the Middle East, AP adds from Norfolk, Virginia. Two carriers are already in the region.

The fleet was expected to conduct routine operations in the Mediterranean Sea, the Red Sea and the Gulf, but the planned deployment appeared timely in the US stand-off with Iraq.

# S Korea to graduate from World Bank development loans

By John Ridding in Seoul

SOUTH KOREA is succumbing to pressure from the World Bank and will stop receiving development loans from the organisation from 1995, the country's Finance Ministry said here yesterday.

"Graduation from World Bank development loans will remove a source of attractive long-term financing," a ministry official said. "But we agree that we are at the stage of economic development where we should move on."

South Korea's per capita gross national product is now more than $5,500, well in excess of the $4,080 at which the World Bank recommends graduation from its development loans.

But the Korean government, faced with a deteriorating balance of payments and a trade deficit which has reached more than $7bn so far this year, has been reluctant to close this source of capital.

According to the Finance Ministry, South Korea has agreed with the World Bank that it will continue receiving development loans until 1994. Until then, Korea will seek loans of between $300m and $400m each year, under a plan to be submitted to the International Bank for Reconstruction and Development, the development financing arm of the World Bank.

South Korea is also seeking a proviso that graduation from IBRD loans be suspended in the case of a sharp deterioration in economic conditions or an external economic shock.

Graduation from the loan programme will bring to an end one of the most successful relationships between the bank and a developing economy.

"The World Bank has been a major source of development loans," says Dr Young Soogil, a senior fellow of the Korea Development Institute. "Probably more importantly, it has been an important source of rational, free-market economic policy."

Since its first loan in 1962 South Korea has accepted 103 IBRD loans worth a total of $7.26bn.

Kongo, Japan's first destroyer equipped with the US-designed Aegis missile system, is launched at Nagasaki yesterday. At 7,200 tonnes, Kongo is the largest combat ship in the Japanese navy.

# UN takes hesitant moves to armed intervention

**Lionel Barber reports from New York on new departures for the world body**

IRAQ dominated the opening of the *United Nations* General Assembly, just as it did a year ago after the invasion of Kuwait.

Then, as now, the question was whether President Saddam Hussein would miscalculate and provoke the US and its allies to resort to force – in this case to carry out existing UN resolutions requiring the destruction of Iraq's nuclear and unconventional weapons.

But beyond the tense stand-off in downtown Baghdad, where 44 UN weapons inspectors remained encircled by Iraqi troops, a larger issue loomed: the extent to which the international community may claim to intervene in the affairs of a member state, with the backing of the UN.

This has long been a sensitive matter, since the UN charter is quite explicit in prohibiting such interventions unless there is a wider threat to international stability. In the case of Iraq, the general consensus appears to be that hauling away personnel files, company documents and photographing top-secret government installations is the price Baghdad must pay. Mr Saddam had few supporters in New York this week.

But the question which no longer remains taboo is: should the principle of multilateral intervention be extended to contain the new forces of nationalism let loose by the collapse of communism in Europe and Asia – forces which now challenge established borders, threaten human rights and jeopardise stability across the continent? Has the UN a role to play in a more ambitious form of collective security?

"This issue", said one US official, "is going to dominate the next decade."

The debate came to a head on Wednesday when a French-led proposal to impose an arms embargo against Yugoslavia ran into difficulties in the UN Security Council.

Several non-aligned members complained privately that the move amounted to an unwarranted intrusion on the part of the UN; the problem was only finessed after Mr Budimir Loncar, the Yugoslav foreign minister, produced a letter on behalf of the Belgrade government requesting he attend the Security Council session and take the unusual step of appealing for an arms embargo against his own country.

"Yugoslavia cannot solve its crisis on its own," said Mr Loncar. "Help Yugoslavia to find a way to help itself."

In the event, the resolution passed unanimously – but without a provision that would enable the UN to enforce the embargo as it did a year ago with Iraq. Still, the action pushed the principle of intervention a little further forward, evoking many of the sentiments expressed by US President George Bush during an expansive, if ill-defined speech last Monday.

In a speech at the UN, Mr Bush said the Gulf war established a model for the collective settlement of disputes; but then he went a good deal further by raising the prospect of "international co-operation" against internal feuds and injustices. Finally, he talked about the UN's important business of promoting the defence of "inalienable human rights".

Having seen the way the US corralled the UN last year to provide "political cover" for the Gulf war to liberate Kuwait, plenty of countries are nervous about the Americans' new enthusiasm for the UN. But Mr Bush's attempt to draw up a new set of principles to deal with what Mr Douglas Hurd, the British foreign secretary, called "the end of the principle of empire" received support in other western quarters.

Speaking on Tuesday Mr Ronald Dumas, the French foreign minister, called for a new charter to be adopted by the international community which would give beleaguered minorities the right to request outside intervention on humanitarian grounds.

Mr Dumas cited the recent example of UN intervention in northern Iraq on behalf of the Kurdish refugees. Yet as one British official remarked: although strictly a humanitarian operation, the UN intervention – backed up by French, US and British armed forces – was an invasion of sovereign territory in all but name.

Some countries such as China and India recognise the trend – and object strongly – not least because they have difficulties with, say, Tibet and secessionist-minded Kashmir.

In his speech, Mr Qian Qichen, the Chinese foreign minister, warned that all countries should respect each other's sovereignty. "Human rights have been used as a means for pushing power politics and interfering within the the jurisdiction of other states."

Mr Bush, who has always had a soft spot for China, appeared to agree. At the end of his speech, he said the UN "should not dictate the particular forms of government" for member states, and that in his new world order, no nation "must surrender one iota of sovereignty". But by then, of course, as Mr Bush must have recognised, the genie of interventionism was already out of the bottle.

# Scandal washes over Japanese backwater

By Stefan Wagstyl in Tokyo

AFTER intoxicating the air of Tokyo and Osaka for many months, the whiff of financial scandal has reached one of the most rural corners of Japan.

Takamatsu, a farming town in western Japan famous for its noodles, has been shaken by reports that the former chairman of an agricultural co-operative, together with two former members of his staff, have disappeared following the revelation that the co-op used forged deposit certificates to the tune of Y19.4bn (£83.6m), or more than a third of the deposits of the 6,447 members.

Police yesterday swooped on the headquarters of the Takamatsu Tobu Agricultural Co-operative and hauled away boxes of documents, to the astonishment of bystanders. Norinchukin, the national bank for the farmers' co-operatives, pledged to support Takamatsu Tobu in the event of a run on its funds. "This is the biggest financial scandal ever to happen in Kagawa prefecture," said the editor of the Takamatsu Shimbun, the local newspaper.

The police are searching for Mr Kiyotchi Ohno, who was chairman of the co-op for 16 years, until he was forced to resign at a board meeting this week.

The police believe Mr Ohno may know who was responsible for forging certificates of deposit which were lodged at banks as collateral for loans. The police suspect that some of the funds raised in this way were funnelled into local property development schemes.

Meanwhile, embarrassed officials in Takamatsu are arguing among themselves as to how a co-op with deposits of just Y56.9bn at the end of March was able to obtain fake certificates totalling Y19.4bn.

Supervision of co-ops is shared between the prefectural government and the prefectural co-operative union. An official at the prefecture said: "We don't know who did this or where the money went. We did ask the co-operative union to increase their checks but they they seem to have missed something."

Norinchukin said: "This is a great surprise. But we can't check every co-operative in the country."

# Kashmiris mass for rally

By David Housego in New Delhi

SEPARATIST movements in the northern Indian state of Kashmir plan a trial of strength with the Indian government today by organising a demonstration in the capital, Srinagar, to press their claims for independence.

The demonstration – the first large rally in the valley in more than 18 months – is intended to coincide with the United Nations general assembly session. Pakistan, in an effort to embarrass India, is pressing the assembly to take up the issues of Kashmiri self-determination and brutalities they claim Indian troops have committed in the state.

Kashmiri militants, like other separatists in India, have drawn fresh impetus from the success of the Soviet republics in achieving independence. Kashmiri lobby groups point out that the Baltic states were admitted to the UN this session.

The rally organisers have avoided mass demonstrations over the last year because of the risk of casualties in a conflict with security forces. Separatist movements are banned in India.



# Cameroon city deserted in disobedience campaign

By Julian Ozanne in Douala, Cameroon

WHOLE areas of Douala, the economically vital port city of the central African state of Cameroon, remained deserted yesterday as many residents continued a civil disobedience campaign to force President Paul Biya to grant further political reform.

Some shops and offices were open in the centre but most businesses were boarded up in response to opposition calls to make Douala a "ghost town". Strikes by port, municipal and transport workers, which have crippled the country's commercial and industrial capital, remained in force.

As a military helicopter flew overhead, heavily armed anti-riot squads patrolled deserted streets, particularly in the poorer sections of the city, after police shot dead two people this week in clashes with demonstrators.

*The deepening political tension in* Douala and other provincial towns comes as opposition leaders, five of whom were detained for two days this week, attempt to intensify their three-month campaign of peaceful protest aimed at forcing Mr Biya to convene a national conference before multi-party elections are held later this year. Similar conferences in other African countries, such as Benin and Congo, have curbed the power of long-standing presidents.

The coalition of opposition parties, led by Mr Jean-Jacques Ekindi and Mr Samuel Eboua, want revisions to the electoral code, which they claim is *biased in favour of the ruling Cameroon* People's Democratic Movement. They also want fairer access to the state-owned media, which currently promote the CPDM and lambaste the opposition.

Mr Biya, who took power in 1982, has refused these demands and instead *embarked on a tour of opposition* strongholds in the west and north of the country.

# Mild upturn forecast for South African economy

By Philip Gawith in Johannesburg

THE South African Reserve Bank foresees a "distinct possibility" of a "mild upturn" in the country's economy soon, according to its latest quarterly bulletin.

The central bank says stimulatory fiscal measures announced by the government in August and earlier this month, low inventories and a favourable foreign reserves and balance of payments position would all lend support to higher levels of economic activity. The economy has been in a cyclical downturn since March 1989.

*Although the downturn may now be* bottoming out, the bank makes clear that it deepened during the first half of 1991. Real gross domestic product was flat in the second quarter, following six successive quarters of negative growth, but real gross domestic expenditure *decreased at an annualised rate of 3* per cent. This shows that what had previously been a manufacturing and *inventory recession had extended to* consumer purchases too.

The outlook on the fixed investment side remains bleak following the seventh consecutive quarterly decline in fixed capital formation. However, private manufacturing enterprises – *especially in the paper and printing,* chemicals and base metal processing sectors – increased their real investment expenditure considerably in the first half of 1991.

The bank draws attention to the continued increase in real unit labour costs – about 2 per cent a year over the last two years – thus favouring capital-intensive development when the country needs to create jobs. Also of concern are government finances: the Treasury's deficit before borrowing and debt repayment of R8.7bn (£1.8bn) in the first five months of the year is equivalent to 85.6 per cent of the projected deficit for the entire fiscal year.

# Paris and Brussels lose faith in Mobutu

## Intervention is said to be purely humanitarian, write **David Gardner** and **Ian Davidson**

SUSPICION is growing that Belgium and France's military intervention in Zaire, following an army mutiny which has broken central authority in the former Belgian colony, will provide President Mobutu Sese Seko's collapsing, 26-year-old autocracy with a new lease of life.

This was exactly what happened the last time the two countries went into Zaire to evacuate their nationals, during the second Shaba rebellion in 1978.

Moreover, this is the fourth time Belgian troops have intervened in Zaire since just before its independence in 1960, and the 14th time France has sent forces to central and west Africa since the end of the Algerian war in 1962.

Understandably, therefore, Paris and Brussels are protesting vigorously that their mission is purely humanitarian. This time, though, their insistence may be borne out.

Despite the scepticism of the outside world, the French government has repeatedly insisted that the troops it has sent to Zaire have only one mission, and that is to protect and repatriate French and other western citizens.

Mr Roland Dumas, the French foreign minister, said so at the UN General Assembly in New York earlier this week, and Mr Pierre Joxe, the defence minister, has said so in Paris.

Brussels too has insisted that its response to the prevailing anarchy in Zaire "will change nothing in our political position", as Mr Mark Eyskens, the Belgian foreign minister, put it yesterday.

Mr Eyskens made clear that "the only way out" for Mr Mobutu was the reconvening of the national conference on democratic reform – which broke up in disarray after the regime packed it at the expense of the opposition – and the negotiation of a recovery programme with the International Monetary Fund and the World Bank, which have suspended credits to Zaire.

In Belgium's case, there is now little reason to doubt its sincerity. In the wake of the May 1990 army massacre of students in Lubumbashi, the government of Mr Wilfried Martens cut off aid. This May, a widely leaked cable from the Belgian ambassador in Zaire said: "It is impossible to continue with Mobutu."

Belgian and French interests in the region traditionally differ. Paris has continued to project diplomatic and military power throughout francophone Africa, while Belgian interests have become more narrowly commercial.

But during the stormy divorce from Mr Mobutu of the past three years, Belgian corporate interests in Zaire have whittled down their stake in the country.

For example, Acec-Union Minière, part of Société Générale de Belgique, Belgium's largest holding company, has expanded its copper interests in Mexico as its security of supplies from Zaire's state-owned Gecamines copper mines – which used to provide it with a third to a half of its raw copper – became a pawn in bilateral stand-offs.

In France's case, its record of intervention in Africa makes foreign scepticism more understandable. Zaire is not a former French colony and France does not have a defence treaty with Zaire; but it has in the past developed close relations with Kinshasa, partly because of the attraction of the mineral wealth, partly because Mr Mobutu's support for the west during the Cold War persuaded France – along with the US – to overlook the many blemishes on his regime.

At the Franco-African summit at *La Baule* in July last year, President François Mitterrand made clear that French aid would be increasingly conditional on progress towards democracy and the observance of human rights.

That sea-change of attitude was given new expression this week by Mr Dumas. He said that he had instructed the French ambassador in Kinshasa "to remind the Zaire authorities and in particular President Mobutu that, quite apart from the anxiety he may feel about the economic and social condition of his country, it would seem to be appropriate to move ahead with the process of democracy".

There seems no reason to suppose that French officials think they can prop up the Mobutu regime in its present form, and no longer any real reason to think they want to.

**ZAIREAN troops fired to disperse protesters in the capital** ***Kinshasa yesterday as foreigners continued to stream out of*** **the riot-torn country, Reuter reports from Kinshasa. Belgian soldiers said the crowd scattered as the troops fired on a crowd chanting for the resignation of President Mobutu Sese Seko.**

**While Kinshasa was said to be mostly calm, there were disturbances in the copper-mining towns of Lubumbashi and Kolwezi in the south, in Kisangani in the north and at the port of Matadi. The relief organisation Médecins Sans Frontières said in Brussels more than 100 people had died in the riots up to Wednesday and at least 1,500 had been injured.**

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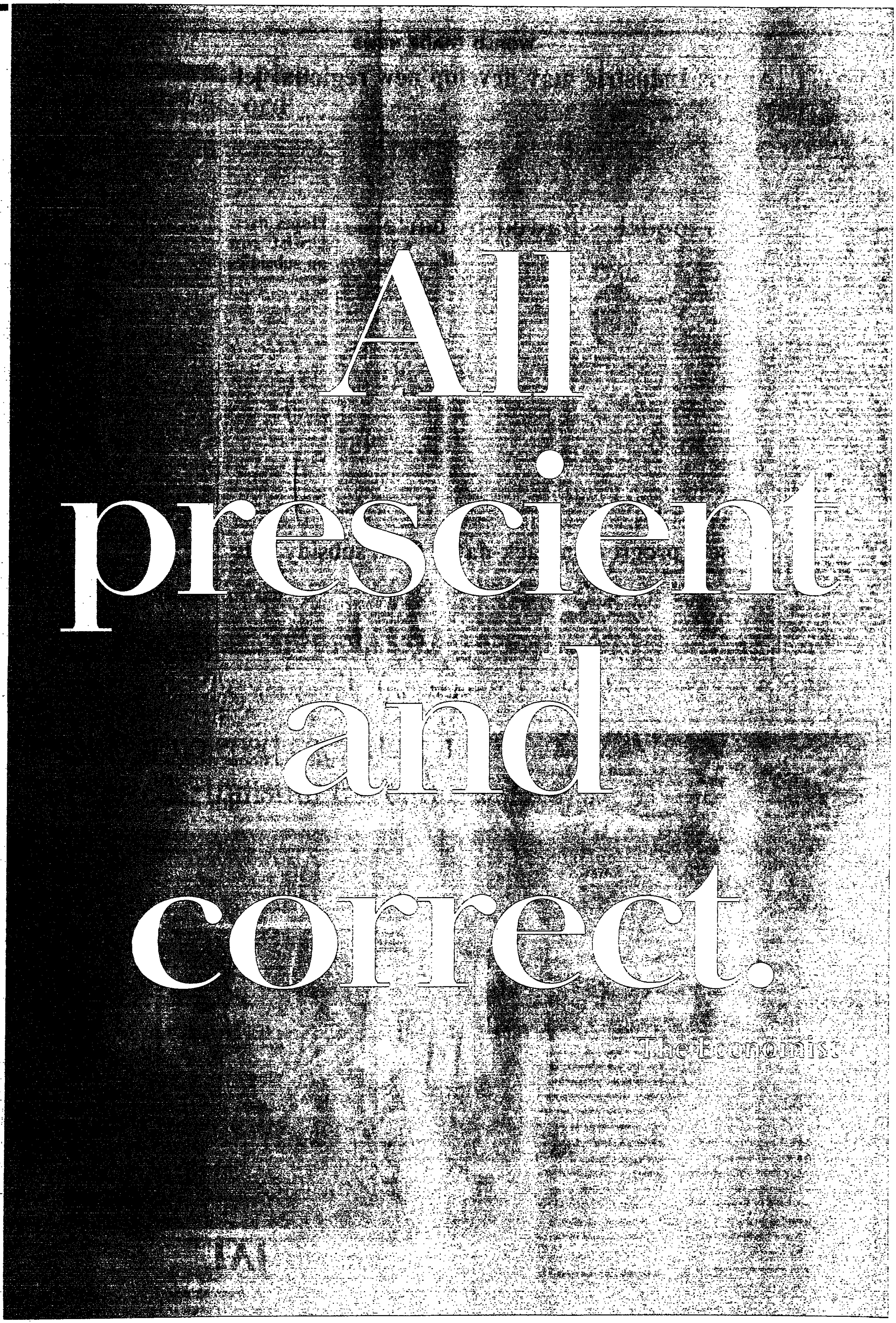


# Polish clothing gains wider US access

By Nancy Dunne in Washington

THE US has agreed to widen market access for Polish clothing – a key sector in the Polish economic recovery effort – for two years, Mr Andrzej Olechowski, Poland's minister of foreign economic relations, said yesterday.

He expected final details to be worked out in further talks which would lift quotas on 16 apparel products. The liberalisation, part of President George Bush's "trade enhancement initiative" for the emerging democracies of eastern Europe, would leave import limits on only nine classifications of Polish apparel.

Textiles and food processing can be the "engine of recovery" for Poland, the minister said. Numerous French communiqués have been received assuring the Polish government of support for liberalised access to the EC's food market. This in turn would bring in large quantities of foreign investment capital.

Mr Olechowski said the boost to the textile sector, which employs 600,000 workers, would be helpful in the negotiations to gain EC associate membership status. He predicted that the Community would reach agreement with Poland, Hungary and Czechoslavakia this year.

However, Mr Olechowski met some disappointment in his talks with US officials this week. He had argued that Poland should be completely "graduated" from the textile quota programme because it no longer subsidises its production and its own market is open. Its share of the US market, only 0.17 per cent, constitutes "no danger to anyone."

Eight of the nine remaining products were given greatly expanded quota shares ranging from 25 to 250 per cent. Limits on the ninth – suits – are to be raised by only 10 per cent.

However, by the end of the year, there will be a bilateral "outward processing arrangement" which allows Polish suits, manufactured with American textiles, to enter the US market with no quotas at all.

# Airbus Industrie may develop new regional jet

By Paul Betts, Aerospace Correspondent

AIRBUS Industrie, the European aircraft consortium, is expected to make a strong business case next month for the development of a new 120-130 seater airliner to expand the group's current family of commercial jets.

A study on the development of a smaller 120-130 seater derivative of the A320 twin-engined airliner is nearly completed. It is expected to show that the smaller derivative, the A319, could be developed at a cost of $300m (£172m). This would be lower than the development costs of $400m for the A321 stretched derivative of the A320.

Airbus believes the A319 would be a normal evolution of its airliner family and would enable it to compete more strongly against its two US rivals, Boeing and McDonnell Douglas.

But plans to develop a smaller derivative of the A320 have caused tensions among the four partners of the consortium, including Aérospatiale of France, Deutsche Aerospace, British Aerospace and Casa of Spain. Aérospatiale and Deutsche Aerospace are considering developing a new European regional jet with Alenia of Italy. However, their plans risk competing directly with the new A319 project.

At the same time BAe, whose 146 regional jet would face competition from the proposed new French-German-Italian aircraft, is pressing hard for the partners to agree to co-operate on the new Airbus aircraft rather than compete against each other with rival regional jet programmes.

These divisions have been further highlighted by BAe's current opposition to an attempt by Aérospatiale and Alenia to take over de Havilland of Canada to strengthen their position in the commuter aircraft market. The European Commission is considering blocking the de Havilland deal on anti-trust grounds.

# Swiss model is flawed by cartels

By William Dullforce in Geneva

SWITZERLAND needs to be more energetic in dismantling domestic cartels and in applying the free trade principles prevailing in its industry to other segments of its economy, according to the secretariat of the General Agreement on Tariffs and Trade (Gatt).

Domestic reforms to ensure a transparent and open market in all sectors could prove to be the crucial test of whether Switzerland can retain its competitive edge in a changing European and international environment, it warns in its first report on Swiss trade policies.

Swiss industry already appears to have lost ground in advanced product areas while many domestically oriented branches – telecommunications, rail transport, electricity and construction – are less efficient than the export industries, the report says.

With one blatant exception, agriculture, Switzerland's formal trade policies emerge from the report as a model for Gatt's liberal principles. The federal constitution enshrines freedom of trade and governmental intervention in economic matters is limited. Subsidies to industry, equivalent to about 0.1 per cent of gross domestic product in Gatt's estimate, are small by international standards.

Tariffs on non-food imports are low. Unlike most other industrialised countries Switzerland does not restrict imports of textiles and clothing. It has struck no voluntary export restraint arrangements – over Japanese cars or anything else – and it has never taken anti-dumping measures or imposed countervailing duties on imports.

This attachment to liberal principles is not surprising in a country of only 6.7m inhabitants which is among the world's 15 biggest trading nations with merchandise exports and imports each in the order of 30 per cent of GDP. Gatt notes that Swiss per capita income outstripped those of the US and Canada by more than a quarter in 1989, but at purchasing power parities it ranked behind the North Americans. This discrepancy is due in large part to the protection accorded to Swiss agriculture through a broad range of subsidies and the imposition of tariffs, quantitative restrictions and variable levies on imports. Four-fifths, some SFr5.5bn ($3.75bn), of the costs of this farm policy are borne by Swiss consumers.

With the exception of agriculture Switzerland's formal trade policies are given a clean slate by the Gatt secretariat. But it gives bad marks for the informal cartel-like arrangements between domestic producers and traders which it considers impede and distort trade even in industrial products. It finds restrictive practices in public procurement, mostly at the level of the cantonal administrations, and it thinks technical regulations may also operate as barriers.

Relatively high barriers to entry into the wholesale and retail trades – through building and planning regulations, rules on shop opening hours, so-called "public need" requirements – help to shield established traders from newcomers and facilitate the operations of cartels and other collusive practices across wide sectors of the economy, the report states. The Swiss cartel commission had explicitly tolerated several price cartels, for example in pharmaceuticals and books.

National standards and regulations, in Gatt's view, impede access to the Swiss market for cars, special farm and construction vehicles, fertilisers, pesticides, sanitary ware, kitchen equipment and electrical machinery.

The limitations on shareholdings practised by large Swiss companies may compound the adverse impact of tight product regulations and cartel arrangements on the country's economic resilience, the report warns.

Switzerland told Gatt that a whole range of domestic banking cartels had recently been dismantled and that new methods were under study for meeting the social and environmental goals embodied in its agricultural policy.

# Hopes over US-EC row on subsidies

By William Dullforce

THE EC and the US appear to be ready to make a further effort to resolve bilaterally their dispute over EC subsidies to Airbus Industrie after the failure yesterday of an attempt at conciliation by Gatt's subsidies committee.

The "conciliation" was a formal step in the process by which the US can ask a Gatt disputes panel to adjudicate, and Washington is now in a position to call for a panel.

But Mr Timothy Reif of the US Trade Representative's office said the US was still willing to try to settle the matter bilaterally. There had been informal contacts with the EC aimed at trying to avoid an impasse. "We would like the opportunity to digest what happened in the [subsidies] committee, discuss it back in Washington," Mr Reif said.

At the hearing Mr Reif maintained the US position that France, Germany, the UK and Spain had contributed $13.5bn (£7.7bn) in subsidies, a figure which would be doubled if unpaid interest were added.

# EC sees progress in back-dated farm subsidy cuts

By David Gardner in Brussels

THE European Commission is looking at whether it can suggest changing the 1986-95 reference period of its offer to cut farm subsidies within the Uruguay Round trade negotiations, a key obstacle which derailed the talks last December.

This retroactive reference period, through which the EC wanted to get credit for cuts already made from 1986, was strongly contested by the US and Cairns Group of agri-exporters led by Australia.

They rejected the EC offer, to cut domestic subsidies by 30 per cent over 10 years counting from 1986, saying it would in practice mean only a 15 per cent cut, whereas the US insisted on a 75 per cent reduction over the coming 10 years. The Community has formally not budged from its offer to Gatt but officials acknowledge that the situation has changed.

First, the sharp rise in EC farm subsidies since 1989 – of 30 per cent this year alone – has wiped out over half the EC's "credit".

The Commission reckons it would have to cut by 23 per cent from now to 1995 to meet its 30 per cent offer.

Second, the proposals by Brussels to reform the Common Agricultural Policy, through swingeing price cuts, for which most EC farmers would be compensated by direct payments decoupled from the amounts they produce, could change the arithmetic of any new Gatt offer.

The Commission's reform plan is getting a better than expected hearing from the council of agriculture ministers, and it is already considering whether to propose revising the Gatt offer, according to an internal Commission memorandum.

## NEWS IN BRIEF

### Brussels puts anti-dumping duty on Japanese fax paper

Provisional anti-dumping duties of up to 54.9 per cent have been imposed on imports of Japanese fax paper into the European Community, following a complaint by Wiggins Teape, the British paper-maker, writes Andrew Hill in Brussels.

The European Commission said yesterday that EC manufacturers of thermal paper used in fax machines had "suffered material injury" because Japanese products undercut EC makers' prices by up to 22.8 per cent.

Between 1987 and 1990, according to the Commission, imports of Japanese fax paper rose nearly 14-fold, from 1,725 tonnes to 23,750 tonnes, and the Japanese share of the market more than doubled from 31 per cent to 68 per cent.

Wiggins Teape, the principal EC manufacturer, mentioned 13 Japanese producers, in its complaint, of which only four co-operated with the Commission investigation. Three of those four will be subject to lower duties – ranging from 10.3 per cent to 24.8 per cent – and no duty will be imposed on imports from Juju Paper of Tokyo.

Any imports of fax paper made by the other companies, some of which claimed they did not export the product to the EC, will incur duties of 54.9 per cent.

### Salinas compromise on tuna ban

President Carlos Salinas de Gortari of Mexico (right) has decided not to pursue a recent Gatt ruling condemning a US ban on Mexican tuna because catching methods involved excessive killing of dolphins, writes Damian Fraser in Mexico City. Mr Salinas has tried to defuse the row by promising to introduce regulations improving the protection of dolphins and said that he will seek "a bilateral solution" with the US.

■ Pemex has discovered a possible 1m barrels a day oil field in Campeche Sound, north of the port of Cuidad del Carmen.

### Greek moves on $1.5bn airport

Nine international consortia have responded to the Greek government's call for preliminary bids to construct a new airport for Athens on a build-operate-transfer basis, writes Kerin Hope in Athens. Mr Tzannis Tzannetakis, deputy prime minister, said that next month four or five candidates will be chosen to submit firm offers for the $1.5bn (£860m) project.

Among the bidders are the British Airports Authority, British Aerospace and Trafalgar House of the UK, together with Amsterdam Schiphol Airport, Bouygues of France and Lockheed Air Terminal.

### Tandy-Matsushita Texan venture

The electronics companies, Tandy of the US and Matsushita of Japan, are joining forces in a personal computer manufacturing venture, writes Louise Kehoe in San Francisco. They will share equally the $1.4m (£800m) investment in the new joint venture company, PTCC, which will be based in Texas.

### Seoul awards power plants order

Mitsubishi Heavy Industries of Japan and Westinghouse Electric of the US have won an order from South Korea worth about Y50bn (£215.5m) for two electric power plants, Reuter reports from Tokyo. Construction will start in 1992 and take a year.

UK NEWS

# Major says Dutch plan could ruin EC accord

By Ivo Dawnay, Political Correspondent

THE prime minister yesterday warned his cabinet colleagues of mounting concern that the latest Dutch draft treaty on political union for the European Community could jeopardise the outcome of the heads of government summit in Maastricht in December.

Mr John Major's briefing dominated an hour and a quarter meeting of the cabinet yesterday which heard a more upbeat report back from Mr Norman Lamont, the chancellor of the exchequer, on progress towards an accord on economic and monetary union.

Downing Street said that in his analysis, Mr Major made clear that he preferred the earlier Luxembourg draft treaty proposals to the new Netherlands' text which had made the prospect of an agreement "considerably more difficult."

Later, he told a delegation of Tory MEPs at Downing street that Britain emphatically opposed the Dutch proposals to give the European Parliament enhanced legislative powers and bring internal security and foreign policy within the Community remit.

The prime minister did not rule out some minor extensions of the European Parliament's powers including a possible role in the process for approving the appointment of a president of the European Commission.

His tough stance was apparently reflected by several other member states at a meeting of EC ambassadors in Brussels, called to prepare for an important foreign ministers' discussion of the new draft next Monday.

Reports from the meeting said only the Belgians and Germans endorsed the Dutch plan with the Italians, Spanish and Belgians expressing serious doubts and the remainder, especially France, firmly opposed .

The strength of objections to the highly-federalist Dutch proposals has raised the prospect that it could be withdrawn.

# Record breaking rail run brings Edinburgh within 4 hours of London

British Rail is to start a service from London to Edinbrugh, the Scottish capital, non-stop in 3hrs 59 mins, compared to the present 4 hrs 20 mins. A celebration run clocked in at 3hrs 29 mins at an average speed of 113mph, and is pictured passing Durham Cathedral. *Picture Ashley Ashwood*

# Sealink may have to give up Dover-Calais to P&O

By Richard Tomkins, Transport Correspondent

SEALINK Stena Line, the crisis-stricken ferry operator currently negotiating the axeing of 1,569 jobs with trade unions, may have to yield its ferry operations on the Dover-Calais route to its rival, P&O European Ferries, in the run-up to the opening of the Channel tunnel.

Mr Gareth Cooper, Sealink's recently appointed managing director, acknowledged yesterday that this was a possible outcome if the company failed to raise productivity levels to a level comparable with P&O's.

Mr Cooper is the former managing director of Crown Berger, the paints manufacturer sold by Williams Holdings of the UK to Nobel Industries of the Sweden last year. He was appointed to Sealink in May by Stena, the Swedish ferry group which acquired Sealink last year.

The Dover-Calais route - the shortest sea crossing between Britain and France - is the busiest and most profitable service for P&O and Sealink, the two ferry companies which operate it.

This could change when the Channel tunnel presents a new competitive threat in 1993. The two companies want to respond by joining forces in a route-sharing agreement, if the Monopolies Commission agrees. Industry observers, however, question whether a pooling of operations will work with Sealink's costs so far out of kilter with P&O's.

Mr Cooper said that Sealink was achieving only four round trips a day on the route compared with five for P&O. Sealink's employment costs, he said, absorbed 40 per cent of revenue compared with figures of 22 to 28 per cent for its rivals.

Last week Mr Cooper announced 1,569 job losses and the axeing of the Folkestone-Boulogne ferry service in response to a plunge into losses for the current year.

This came less than a year after it announced a twin-track programme of 849 job losses and £178m worth of capital investment in a bid to put the company on its feet.

Mr Cooper has spent the last few days touring Sealink's operations giving 22 presentations to more than 3,000 employees in an effort to explain the cuts.

"Sealink is commercially very strong," Mr Cooper said yesterday. "We turn over £1m a day, we have a major market share on all of our routes, and we have a very good infrastructure. The single problem in this business is that our costs are too high."

Unions are resentful that the latest cuts follow so soon after the radical changes of October 1990. NUMAST, the officers union, said yesterday: "It seems to us that the same dose of medicine being given out twice in less than a year is indicative of deep mismanagement."

Mr Cooper agrees that Stena's investment plans were far too ambitious, pre-supposing revenue which never emerged. The issue will come to a head on Monday when new contracts of employment are issued requiring employees to do more work for pay which has been frozen until January 1993.

Mr Cooper hopes his efforts to communicate the extent of the crisis will stave off industrial action of the sort that crippled P&O for much of 1988. "There is a tremendous majority of goodwill that wants to see this company survive," he says.

The unions are not so sure. "It's hard to read," said Numast. "At the very least. there are some very tough negotiations ahead."

## BRITAIN IN BRIEF

### Japan pays £1 for the quality brick

There is one product the quality-conscious Japanese have had to scour the world for in their search for the best: bricks. They found their choice in Britain.

More than 1.2m British bricks manufactured by Ibstock Johnsen have been shipped at enormous expense to build a hotel in a resort town just outside Osaka, Japan's second largest city. Ibstock, which has faced a difficult trading environment in its major markets in the US and Europe, hopes that a new fashion for bricks could take off in Japan. The Japanese paid £1.3m for the bricks alone, making the average price close to £1 per brick, five times the 20p that a standard brick would cost. Results, Page 27

### NatWest shifts adviser status

National Westminster, the second largest UK banking group, is expected to announce today that it is to give up its status as an independent financial adviser for the sale of life assurance and investment products.

The move brings NatWest into line with the other large banks and building societies which only sell life assurance and pensions as tied agents of a particular company.

NatWest is setting up its own life assurance company, probably in a joint venture with the Bristol-based Clerical Medical life assurance company.

### Management shift for BBC

The BBC is to make a revolutionary change in the management of its resources by creating a free internal market for all its television services.

Between now and 1993, BBC programme makers will be progressively given the right to buy all services they need – everything from design and costumes to outside broadcasts and studios on the outside market – if that is more efficient than the BBC's provision.

### Earnings rise by 8.2%

Average gross earnings rose by 8.2 per cent to £285 a week in the year to April, with greater rises for women and non-manual workers, according to the government's New Earnings Survey.

Women's pay continues to be substantially less than men's but by a declining amount, with average hourly earnings 78 per cent of men's, compared with 68 per cent last year.

The differential echoes the findings of an Equal Opportunities Commission survey on Tuesday revealing that women earned 77 per cent of the hourly earnings of male full-timers. That is 8-10 points below the level in France, Germany and the Netherlands where direct comparisons can be made.

### 50% of students study EC law

Less than half of Britain's law students are studying European Community law despite the rapidly approaching deadline for completion of the Single European market, according to research published today.

### Polly Peck to Old Bailey

Proceedings against Mr Asil Nadir, the Polly Peck chairman, will be transferred to the Old Bailey on November 7, Bow St magistrates ruled.

Mr Nadir, who was remanded on bail of £3.5m until then, faces 18 charges of theft and false accounting involving £25m.

The charges were originally brought against him by the Serious Fraud Office in December last year following a three month investigation.

The direct transfer to crown court takes place under the recently introduced procedure allowing large fraud cases to by-pass committal proceedings before a magistrates court.

### Capital spend falls by 6%

Capital spending by manufacturers fell 6 per cent between the first quarter of 1991 and the second, the Central Statistical Office said yesterday. The fall from a seasonally adjusted £2.7bn to £2.5bn (measured in 1985 prices) followed a 10 per cent decline between the final quarter of 1990 and the first three months of this year. The CSO expects total capital spending by manufacturers this year to be £10.3bn, as against £12.1bn in 1990.

### Pay bodies threatened

The government faces a potentially embarrassing conflict with Britain's 489,000 nurses following an assertion by senior civil servants that National Health Service pay review bodies will be abolished by April 1994. This would mean the end of national pay negotiations for nurses.

### Poll opposes road charges

The threat of a political backlash awaits the government that first charges motorists for using London's roads, a poll carried out for the National Economic Development Office shows. The poll reveals that traffic congestion outranks house prices, crime and litter as the single biggest problem for Londoners, and most of them expect it to get worse. But few of the 489 Londoners polled suggested road pricing as the best solution.

### Attenborough under pressure

The independent television production industry yesterday called for the resignation of Sir Richard Attenborough, the Channel 4 chairman, and a restructuring of the board.

The Council of the Independent Programme Producers Association, which represents more than 800 independent production companies, expressed a "total lack of confidence in Sir Richard Attenborough." IPPA accused Sir Richard of showing contempt for Channel 4's commissioning editors and non-executive editors.

### Howard to go to Russia

Mr Michael Howard, employment secretary, is to visit St Petersburg and Moscow next week to offer advice and training on small business development.

His four-day trip is expected to include meetings with independent trade unionists, government and council officials and former dissidents.

It follows a similar trip by Mr John Gummer, agriculture secretary. Mr Peter Lilley, trade and industry secretary is expected to visit Moscow later this year.

### Essex robbed of victory

*Torrential rain robbed Essex of £9,500 - and denied them the satisfaction of winding up their season with a crushing victory over Victoria.*

*Australia's domestic champions were facing humiliation at 56 for eight in their second innings - still 119 runs behind after following on - when a violent thunder storm arrived.*

*Chelmsford's County Ground was under water within minutes and Victoria were able to escape four hours later with a draw and £2,500.*

# FOR THOSE WITH MORE THAN A PASSING INTEREST IN TIME...

Before you put your name down for a Patek Philippe watch *fig. 1,* there are a few basic things you might like to know, without knowing exactly whom to ask. In addressing such issues as accuracy, reliability and value for money, we would like to demonstrate why the watch we will make for you will be quite unlike any other watch currently produced.

**"Punctuality", Louis XVIII was fond of saying, "is the politeness of kings."**

We believe that in the matter of punctuality, we can rise to the occasion by making for you a mechanical timepiece that will punctually record an extra leap-year every four centuries, in accordance with the Gregorian calendar *fig. 2.* Nevertheless, such a watch does need the occasional adjustment. Every 3333 years and 122 days you should remember to set it back one day to the true time of the celestial clock.

We suspect, however, that you are simply content to observe the politeness of kings. Be assured, therefore, that when you order your watch, we will be exploring for you the physical—if not the metaphysical—limits of precision.

**Does everything have to depend on how much?**

Consider, if you will, the motives of the collector who on October 15, 1989 bid at auction Sfr880,000 (about $600,000) for a Patek Philippe—the most ever paid for a wristwatch. He may have paid for its rarity, for its looks or for the complexity of its movement. But we believe that he bid for the 52-year-old watch simply because it works perfectly and he expects it to continue to do so for future generations.

In case your ambitions to own a Patek Philippe are somewhat discouraged by the scale of the sacrifice involved, may we hasten to point out that the watch we will make for you today will certainly be a technical improvement on the Patek bought at auction? In keeping with our tradition of inventing new mechanical solutions for greater reliability and better time-keeping, we will bring to your watch innovations *fig. 3* inconceivable to our watchmakers who created the supreme wristwatches of 50 years ago *fig. 4.* At the same time, we will of course do our utmost to avoid placing undue strain on your financial resources.

**Can it really be mine?**

May we turn your thoughts to the day you take delivery of your watch? We suggest you take advantage of the occasion to have the case opened and to examine the movement. You will notice the satin finish of the inside of the case, the delicate ribbing on the bridges, and the polished chamfer in the centre of each wheel. Borrow a watchmaker's eyeglass to admire the cut and polish of the ruby endstones, the perfection of each wheel and pinion. Your attention will be drawn to a small badge stamped on the mainbridge. The Geneva Seal—the highest possible attestation of fine watchmaking *fig. 5.*

**Looks that speak of inner grace *fig. 6.***

When you order your watch, you will no doubt like its outward appearance to reflect the harmony and elegance of the movement within. You may therefore find it helpful to know that we are uniquely able to cater for any special decorative needs you might like to express. For example, our engravers will delight in conjuring a subtle play of light and shadow on the gold case-back of one of our rare pocket-watches *fig. 7.* If you bring us your favourite picture, our enamellers will reproduce it in a brilliant miniature of hair-breadth detail *fig. 8.* The perfect execution of a double hobnail pattern on the bezel of a wristwatch is the pride of our casemakers and the satisfaction of our designers, while our chainsmiths will weave for you a rich brocade in gold *figs. 9 & 10.* May we also recommend the artistry of our goldsmiths and the experience of our lapidaries in the selection and setting of the finest gemstones? *figs. 11 & 12.*

**How to enjoy your watch before you own it.**

As you will appreciate, the very nature of our watches imposes a limit on the number we can make available. (The four Calibre 89 timepieces we are now making will take up to nine years to complete). We cannot therefore promise instant gratification, but while you look forward to the day on which you take delivery of your Patek Philippe *fig. 13,* you will have the pleasure of reflecting that time is a universal and everlasting commodity, freely available to be enjoyed by all.

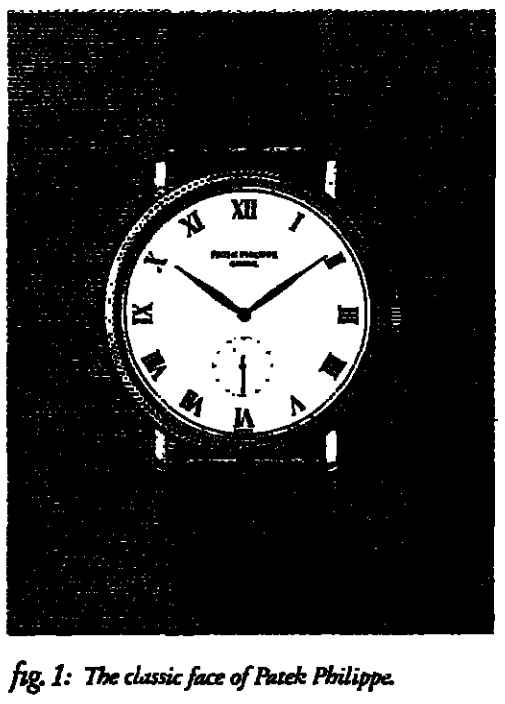


*fig. 1: The classic face of Patek Philippe.*

*fig. 2: One of the 33 complications of the Calibre 89 astronomical clock-watch is a satellite wheel that completes one revolution every 400 years.*

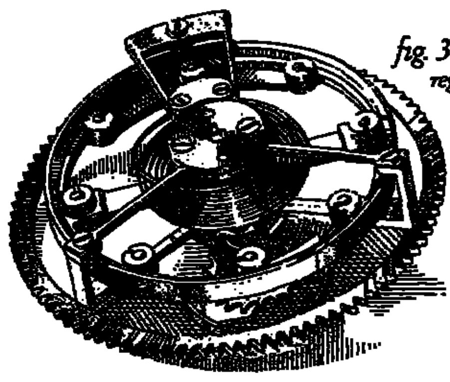


*fig. 3: Recognized as the most advanced mechanical regulating device to date, Patek Philippe's Gyromax balance wheel demonstrates the equivalence of simplicity and precision.*

*fig. 4: Complicated wristwatches circa 1930 (left) and 1990. The golden age of watchmaking will always be with us.*

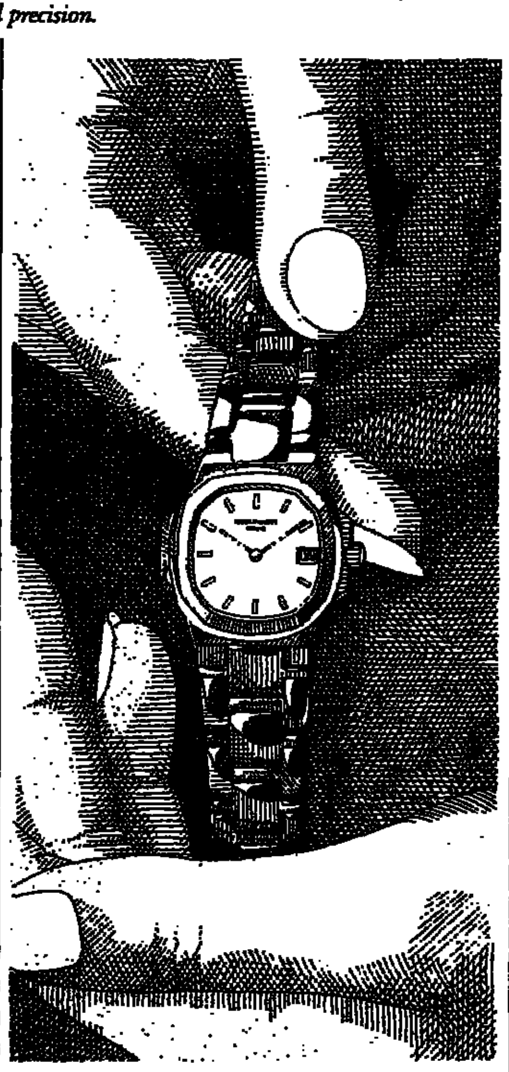
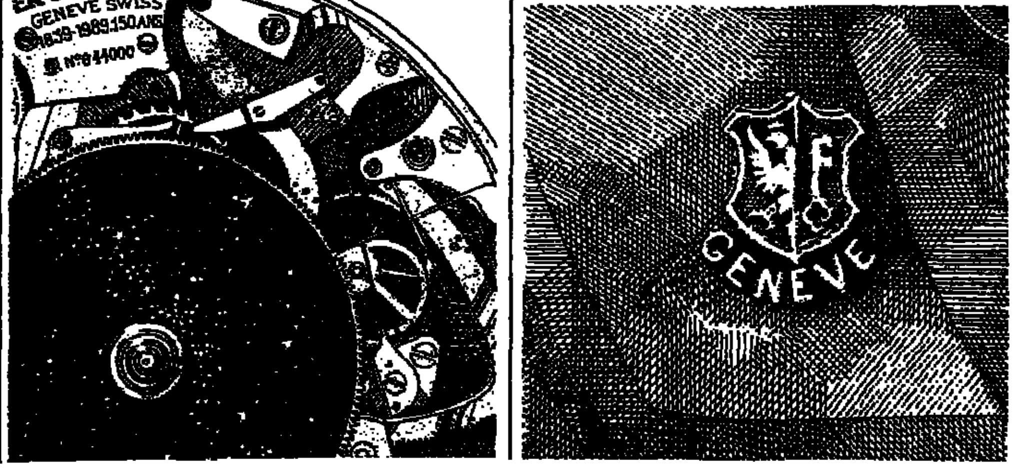


*fig. 6: Your pleasure in owning a Patek Philippe is the purpose of those who made it for you.*

*fig. 5: The Geneva Seal is awarded only to watches which achieve the standards of horological purity laid down in the laws of Geneva. These rules define the supreme quality of watchmaking.*



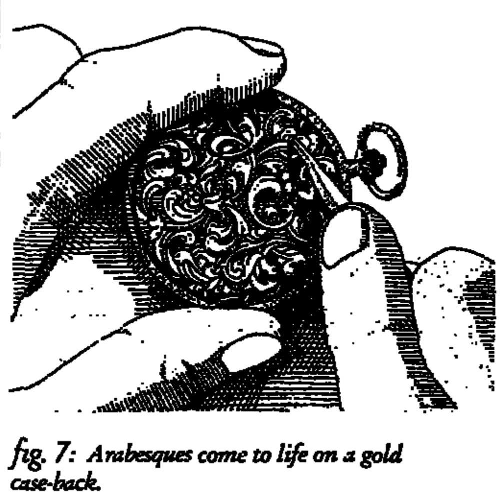


*fig. 7: Arabesques come to life on a gold case-back.*

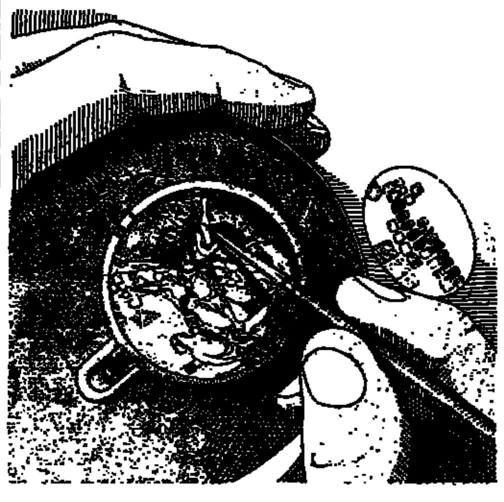


*fig. 8: An artist working six hours a day takes about four months to complete a miniature in enamel on the case of a pocket-watch.*

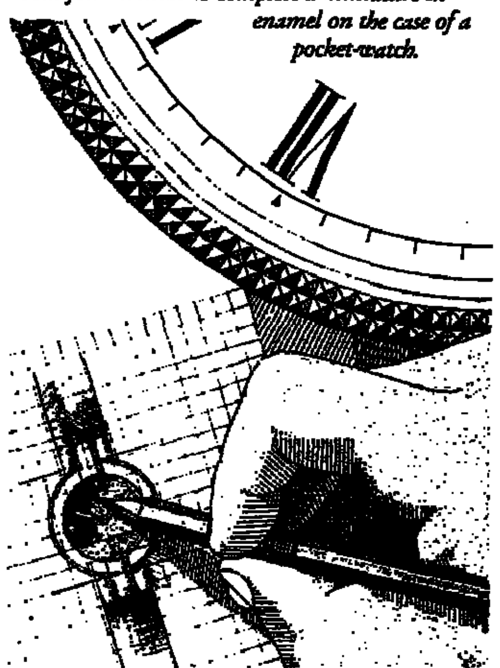


*fig. 9: Harmony of design is executed in a work of simplicity and perfection in a lady's Calatrava wristwatch.*

*fig. 10: The chainsmith's hands impart strength and delicacy to a tracery of gold.*

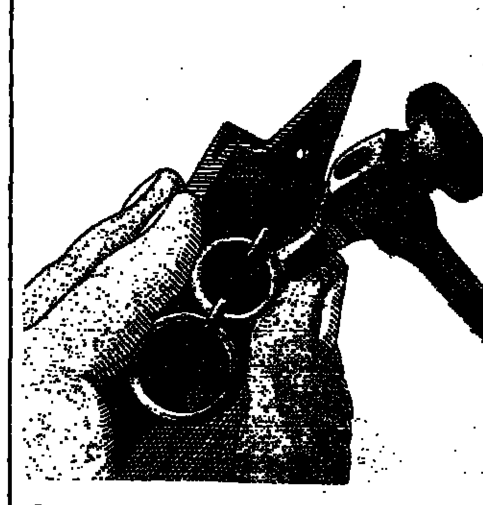


*fig. 11: Circles in gold: symbols of perfection in the making.*

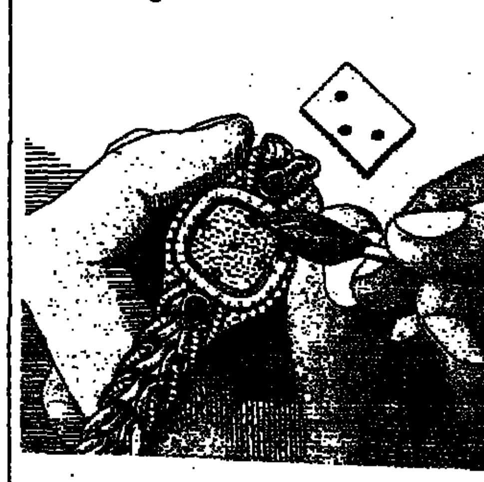


*fig. 12: The test of a master lapidary is his ability to express the splendour of precious gemstones.*

PATEK PHILIPPE
GENEVE

*fig. 13: The discreet sign of those who value their time.*

*Those who wish to take a more detailed interest in the watches of Patek Philippe may acquire for their libraries Patek Philippe's books on the matter. For a catalogue and order form, please write "catalogue" on your visiting card and send it to Patek Philippe, 41, rue du Rhône, Geneva, Switzerland.*

## UK NEWS

THE GUINNESS TRIALS

# Bankers dishonesty fired by ambition, court told

By Raymond Hughes, Law Courts Correspondent

TWO City of London merchant bankers were yesterday alleged to have crossed the line into dishonesty during a 1986 takeover battle to enhance their reputations as "persons who could make things happen in the City."

Mr Roger Seelig and Lord Spens are accused of committing criminal offences during Guinness's £2.7bn takeover battle with the Argyll supermarket group for Distillers, the Scottish drinks group.

Opening the prosecution for the Serious Fraud Office at Southwark Crown Court Miss Elizabeth Gloster QC said the two men had been prepared to cross the line which divided what could be legitimately done in a takeover battle from conduct which was dishonest.

"They were prepared to act dishonestly not merely to assist Guinness in winning the takeover battle but also in order to promote and enhance their own individual reputations as persons who could make things happen in the City," Miss Gloster said.

Mr Seelig, former corporate finance director at Morgan Grenfell, Guinness's principal merchant bankers during the bid, and Lord Spens, former corporate finance managing director at Henry Ansbacher, are jointly charged with conspiring to contravene the 1958 Prevention of Fraud (Investments) Act. They are accused of dishonestly conspiring to induce Distillers shareholders to exchange their holdings for Guinness shares. Mr Seelig alone faces another charge under the same act, and two false accounting charges. Lord Spens also faces one false accounting charge.

Both have pleaded not guilty to all charges.

Miss Gloster said that in late 1985 Distillers turned to Guinness for help when faced with an unwelcome takeover bid by Argyll.

From January to April 1986 Argyll and Guiness had fought a hard and bitter battle by means of competing share offers.

To ensure that the price was kept high Guinness mounted a share support operation. Mr Ernest Saunders, Guinness chief executive, Mr Seelig and others had set about finding people to buy large numbers of Guinness shares. One to whom Mr Seelig turned had been Lord Spens, who in turn had recruited Ansbacher clients as supporters.

Some supporters had been promised that they would be indemnified against any losses they made when they sold their Guinness holdings.

None of the purchases or indemnities, which had created a false market in Guinness shares, had been disclosed to the City authorities.

"The vice in the Guinness affair is that the encouragement to purchase or retain Guinness shares was backed by promises of secret indemnities against loss so as to deceive the market into believing these were genuine purchases of large quantities of Guinness shares at high prices.

"The foundation of the charges against Mr Seelig and Lord Spens is that they took part in this deception knowing it to be wrong - in other words their involvement in it was dishonest."

Lord Spens had previously been a director of Morgan Grenfell where he had formed a close working friendship with Mr Seelig. He was not a friend of Guinness as he had crossed swords with Ernest Saunders in an earlier Guinness takeover of the Bells whisky company.

However Lord Spens had wanted to promote a good business relationship between Ansbacher and Morgan Grenfell and acceded to Mr Seelig's request to purchase Guinness shares against an indemnity as part of the support operation.

Miss Gloster said that during the bid Mr Seelig had told Mr Olivier Roux, Guinness's director of finance, that he could find share supporters. He had declined to name them but made it clear that Guinness must commit itself to indemnify them against loss.

The question of support had arisen again in March 1986 when Mr Saunders, who had been obsessed with the performance of the Guinness share price, had put pressure on Morgan Grenfell to provide as much support as possible.

Mr Seelig had told Mr Roux that one of the supporters was L.F. Rothschild, a New York investment bank with a London subsidiary. Mr Seelig asked LFR to buy up to £25m of Guinness shares on instructions from Morgan Grenfell, which would ensure that LFR was compensated for any loss.

He had not said the compensation would be paid by Guinness and had, wrongly and dishonestly, assured LFR that its purchases would not have to be disclosed. LFR agreed to buy up to £20m shares.

Between April 4 and April 18, when the bid ended, Mr Seelig or his secretary telephoned LFR in London on numerous occasions giving instructions for further purchases totalling about 5.9m Guinness shares

Unknown to Mr Seelig those telephone calls were taped by Mr Mark Sohn, head of LFR's London office. He had been suspicious of Mr Seelig and apprehensive about whether Morgan Grenfell would honour the indemnity undertaking, said Miss Gloster.

Mr Sohn had been instructed by Mr Seelig to buy nearly 6m Guinness shares before the bid closed. In fact Mr Sohn bought only about 1.9m, the remainder being bought afterwards, when the price had dropped. He had later told Mr Seelig the average purchase price had been 349.3p - the price of the pre-close purchases - when the actual average price had been 322.68p.

After Guinness's victory Mr Sohn had telephonedto congratulate Mr Seelig, who had asked him to give him, on a plain bit of paper, LFR's overall position, to enable him to assess the indemnity position.

After playing a tape recording of that conversation to the jury Miss Gloster suggested that it bore "the unmistakable hallmark of dishonesty".

Morgan Grenfell had subsequently bought LFR's Guinness holding to keep it off the market while the price was depressed. Mr Seelig sent genuine invoices to Guinness inflated to cover Morgan Grenfell against an anticipated £1m loss on resale, Miss Gloster alleged.

The trial continues today.

# John Smith: Labour's great persuader

**Philip Stephens** talks to the man who would be chancellor of the exchequer

MR JOHN SMITH is in the business of reassurance: persuading the voters that a Labour Government would not lose control of spending and taxes; convincing the City that it would not preside over another burst of 1970s-style inflation.

Sitting in his office at Westminster this week, the opposition party's "shadow" chancellor of the exchequer demonstrated just how adept he has become at it. On the eve of the last Labour conference before a general election there were two simple messages.

Ordinary people would not have to pay more income tax under Labour - that was a promise, a commitment, a pledge, anything you liked to call it. The City need not fear a devaluation of the pound - that was an equally unequivocal guarantee.

The interview though started with Mr Smith's ambitions: "What I'm most interested in doing is getting the British economy up to the European level. Every day I think about the fact that we have slipped behind".

It was a recurrent theme. In the new model, pro-European, Labour Party the response to charges that it represents a dark socialist past is a comparison with consensual economic management in France, Germany, Italy. "It's interesting isn't it that Thatcherism never crossed the channel".

But doesn't every Chancellor Thatcherite, Majorite or Kinnockite want more growth, prosperity? Yes, but there is a long-term problem here. "Since the war we have failed to the make the breakthrough to a more productive and competitive economy...What I want to see is the strengthening of what I call the real economy - the manufacturing base, the wealth creating part of the economy."

It is a long-term project. Some ambitions cover a five-year parliament, others a decade. But the route is never in doubt. Mr Smith wants investment, stacks of it - in plant, machinery, infrastructure, and, above all, in training. He would always encourage it, sometimes help pay for it.

He would not accept the parallel but the "training revolution" sounds like the 1990s equivalent of Labour prime minister Mr Harold Wilson's White Heat of Technology. Only this time skills not computer chips are the most important ingredient.


Tony Andrews

John Smith's chances of being in office or out after the election depend on his practised powers of persuasion

If in 10 years a Labour government delivered that training revolution, creating the best educated and trained workforce in Europe then it would have achieved something it could be proud off. It should be the nation's as much as the government's goal.

But what has Labour learnt from the 1980s about markets? Mr Smith appears neither an enthusiast nor a critic. "The vast amount of the economy is going to be run by the private sector and it's going to run on market principles. And that's fine. But there are areas where markets fail and where they do the task inadequately".

Who will have the upper hand? "Oh, its a joint operation". Then the reference to Europe: "This is not even argued about in the rest of continental Europe... People there think it is so obvious that governments ought to have a role in economic management".

His plans though will cost money. Investment incentives for industry, new training schemes; and then Labour has promised to put up pensions, increase child benefit, improve the health service, renovate schools, rebuild the inner cities. It will not give a price tag but the Tories say it would quickly add up to £35bn a year. All taxpayers would be 10p in the pound worse off.

Mr Smith dismisses such arithmetic. The only absolute commitments are to raise pensions and child benefit. Those will be paid for by abolishing the ceiling on National Insurance Contributions (NICS) - taking another 9p out of every pound of income from the 3m people who earn more than £20,280 a year - and by raising the top rate of tax from 40p to 50p.

Everything else would have to wait for resources to be freed through the "growth dividend" - the revenue that accrues when tax rates are left unchanged in an expanding economy.

Mr Kinnock once mentioned a figure of £20bn as that dividend, but Mr Smith is an admirer of the broad sweep approach adopted by Mrs Margaret Thatcher in her election manifestos. Principles are better than precise figures.

"The political argument for the 1990s is: what is that money (the dividend) going to be used for. You either say this will permit us to cut taxation. Or you say the needs of the public sector are predominant and therefore we will spend it on public services, investment".

The Tories were committed to cutting the basic rate by 5p. Labour would spend that money in the public sector.

So would he promise there would be no income tax increases for the 20m people who earn less than £20,280? Under his plans for several new bands of income tax running from below 20 per cent to 50 per cent surely some people now paying just 25p would find part of their income taxed at 30p or 35p?

Now Mr Smith was clearer than ever before that the new system would not be a cover to put up everyone's income tax. He pledged that, whatever the rates and thresholds of the new bands, an individual whose earnings were below the NICs ceiling "will not pay any extra income tax".

The question was put again more precisely: So everyone earning below the NICs ceiling has a guarantee that whatever the thresholds Labour introduces their tax bill will not rise?. "That's right". Then to reinforce the point: "It is quite clear that people earning below the upper limit for NICs will not pay any increased income tax under a Labour Government".

It was time to move on to calming the City.

What it worries about is that if Mr Smith found himself facing a run on the pound he might opt for devaluation rather than raise interest rates. How firm was his commitment to the present rate of DM2.95 in the Exchange Rate Mechanism? Could he give a clear simple answer? He could.

"We regard it as an obligation that has been entered into which we will maintain. It is quite clear and it is quite specific. We are not going to change the rate". But what if Labour decided to move to the narrow ERM bands, would he stick to DM2.95 in that context? "Even in that context. We are not going to change the rate. You asked for a clear simple answer and that's a very clear simple answer". And then "I do not believe in devaluation."

He returned to an earlier theme. The government should intervene on the supply side of the economy to encourage investment but it should not seek to manipulate demand through interest and exchange rates. "The overriding purpose of macroeconomic policy is economic stability.. With stable interest rates and stable exchange rates we are more likely to get investment to flourish".

There was time for a word about his personal ambitions. Anyone who knows Mr Smith knows also that one day he would like to lead the Labour Party. "I am happy to be shadow chancellor, I hope to be chancellor under a Labour government headed by Neil Kinnock". Talk of a pre-election putsch was simply "ludicrous".

Mr Kinnock will sleep soundly. As for the voters and the City, Mr Smith will have to wait and see.

## THE PROPERTY MARKET

# Business parks on a grand scale

By Vanessa Houlder

Mr Jim Cookson, the chairman of European Land, likes to think big and to develop "on a scale where we cannot be ignored".

To that end he has drawn up plans for a series of business parks set in extensive countryside sites. The grandiose aim, he says, is to "balance wealth creation with recreation". He seems to relish the opportunity to remould the countryside. "Who last did that?" he asks. "Capability Brown 200 years ago."

Mr Cookson is proud of the social benefits he believes his schemes could bring. A proposal for a 2,000-acre site in the green belt near Newcastle airport could reduce unemployment in the area by up to 13 per cent, according to a report published this week. It was commissioned by European Land and carried out by W A Fairhurst, an engineering company, and Nathaniel Lichfield, planners.

European Land estimates that the "Newcastle Great Park", scheme, which includes housing, industry, a 36-hole golf course and a country park, could provide 15,000 jobs. An extension to the airport and two new by-passes would make these jobs widely accessible to the inner city, Mr Cookson claims.

European Land's projections of the jobs that could be created by its developments are treated sceptically by some observers. Many are unhappy at giving up green belt land and incredulous at the idea that they should be grateful for the country park when it was countryside at the outset. Mr Cookson rejects these arguments.

The area is "an environmental desert", he says. In his view it consists of sub-standard farming land, with no hedges, and angry farmers who chase away people walking their dogs. In its place, he envisages 1,000 unfenced acres well-stocked with trees.

He scoffs at the idea of new business sites in the urban centre, claiming incoming businesses do not want to be on cleared sites in deprived areas. He believes the few remaining green areas in the city centre should be preserved.

This argument is broadly supported by Newcastle City Council and European Land's proposals have been incorporated into the city's draft structure plan.

European Land is no stranger to planning debates. Its first large-scale proposal was at Ashford, Kent, where it assembled options for a site at a time when prospects for the Channel tunnel were uncertain. The scheme, which is now being pursued in partnership with Imry and the Church Commissioners, was stalled by Mr Christopher Patten, the environment secretary, at the end of 1989. He ruled that it should be considered when the local plan is finalised in a couple of years.

Mr Cookson is scathing about what he calls "knee-jerk" opposition to development in the south of England. "East Kent behaves as if it was part of the affluent south-east and it is not," he says. However, he claims most people prefer the idea of the great park to the alternative of "ruining" small villages.

An even more ambitious scheme – totalling £2bn and 10,000 acres – in Spain has presented far fewer planning problems for European Land, says Mr Cookson. The company was invited to launch a scheme, he says, by the regional government, which had heard of the Ashford and Newcastle plans.

"With the opening up of eastern Europe they felt they had to move and get their investment in place," Mr Cookson says. He is seeking finance and expects work to start in 1992.

Other schemes include "great parks" at Northumberland, Ashford and Harrogate and and a more modest scheme at Darlington (which has just gained planning permission). Others are in the pipeline.

For someone with such ambitious plans, Mr Cookson has had a surprisingly low public profile. He started his career in the contracting industry. One of his first jobs was supervising "50 drunken Irishmen, 50 storeys up" on the night shift during the building of Centre Point, the London office block.

After a spell at Wimpey he moved to Wakefield where he ran the north of England operations of the Scottish builder James Miller and Partner.

He went on his own after working on the first phase of the North Shields shopping centre, which Miller built with CIN, the coal board's pension fund, in 1981. CIN dealt with Mr Cookson direct on the second phase.

"We took a chance on Jim for the second phase," says CIN's Mr Paul Mason. "Jim understands the development process because he has spent a lot of time in the business. He is also blessed with the ability to look over the edge of the trench. He has basic experience and flair."

CIN and Cookson then worked on a complex £30m retail scheme in Wigan town centre. It was completed in May this year and is 90 per cent let. European Land acted as project manager and also receives a portion of the profits.

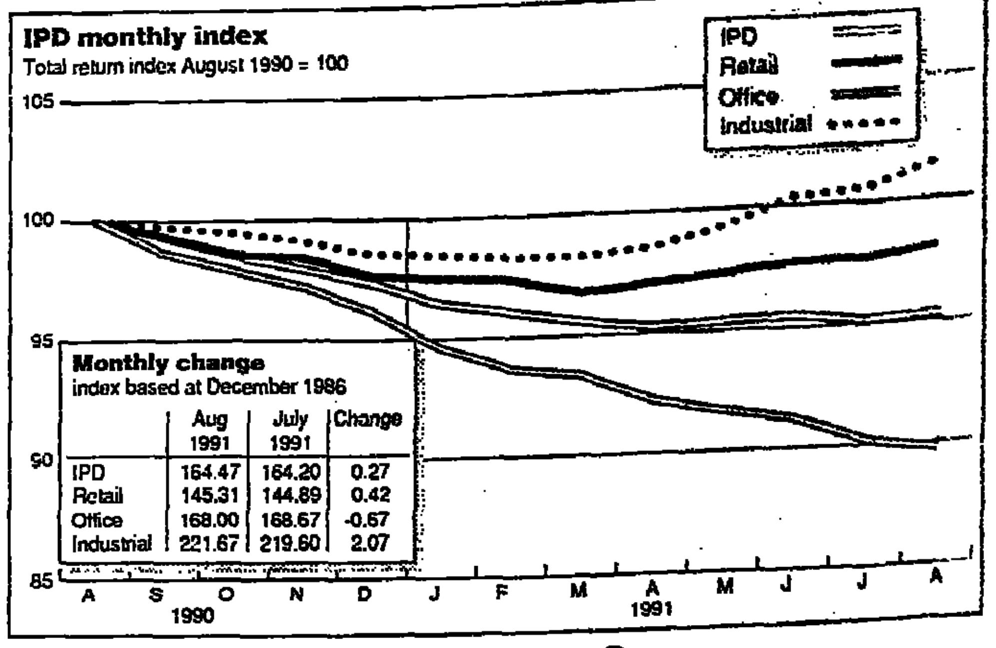
After Wigan, European Land moved away from development. "Development is wonderfully exciting and macho and doesn't make money," says Mr Cookson. "You always worry. 'Will you get the last shop away?'"

The alternative to development he conceived is "land wholesaling". This involves assembling a land bank, gaining planning permission and feeding out land in parcels to developers, in such a way that the market is not flooded.

The concept won the support of CIN. "We thought we should look at something else than offices and retail," says Mr Mason.

At the root of European Land's project is the pivotal impact of planning permission. "If you look at development, the major uplift is on planning permission," says Mr Cookson. "If you take a 10-year view of development, the uplift is enormous."

And what of the risks? "I am exceptionally confident that the schemes would go through," he says. "But if only one in three went through, we would still cover our costs."




**Monthly change**
index based at December 1986

| | Aug 1991 | July 1991 | Change |
|---|---|---|---|
| IPD | 164.47 | 164.20 | 0.27 |
| Retail | 145.31 | 144.89 | 0.42 |
| Office | 168.00 | 168.67 | -0.67 |
| Industrial | 221.67 | 219.60 | 2.07 |

# Improving performance

The Investment Property Databank (IPD) has recorded the best annualised performance of commercial property since October 1990, with a drop in total returns of 4.7 per cent.

The change in the IPD total return index in August was 0.2 per cent. This marked a return to the positive rates recorded in May and June, following what IPD describes as some sizeable "one-off adjustments" in the July results.

Rental value growth remained constant at -0.3 per cent, while capital values showed an improvement over the previous month's poor results, with a decline of 0.5 per cent.

The overall results continued to be pulled down by the London market, where both rental values and capital values in all sectors fell at a significantly greater rate than in any other region.

Industrial property was the best performing sector in August. The year-on-year results recorded a positive return for the second month running.

Retail returns also appear to be improving, by 0.2 per cent to 0.3 per cent in August. This was reflected in the year-on-year results, with the highest return achieved for a year, of -2.0 per cent.

Offices continued to show the poorest results, with a drop of 0.4 per cent for the month and 10.3 per cent for the year to August. Yields moved outwards and the equivalent yield now stands at 9.8 per cent a year, the highest level recorded by IPD.

All three sectors registered a further decline in rental values.



## INTERNATIONAL PROPERTY

## TECHNOLOGY

Technology is the path aeroplane manufacturers are following in their quest to stay competitive in the ferocious battle for orders.

In producing the most sophisticated aircraft the challenge is to keep initial costs and running expenses as low as possible.

Among the developments which Airbus, the European consortium, is pursuing for its A330-A340 family of medium- and long-range jets is "commonality" – sharing as many parts as possible between different aircraft types.

Both types of airliner will carry 335 passengers. But the A330, a twin-engined aircraft, will fly over ranges of up to 4,750 nautical miles – western Europe to the US Midwest, say – while the four-engined A340 will travel up to 7,550 nautical miles – say western Europe to Singapore. The A340, the closest of the pair to completion, is scheduled to make its first flight next month.

The principle of commonality is most strikingly visible in the fuselage. Airbus adopts the same fuselage cross-section for the A330 and the A340 as it has used successfully for its A300 and A310 twin-aisle airliners, which since the 1970s have been operated widely, initially in Europe and latterly throughout the world. Economies of scale are achieved by sharing as many structural parts as possible between different members of the Airbus family of aircraft. Costs can then be kept down.

**David Boggis** on Airbus's approach to building aeroplanes that share as many parts as possible

# Wing designs branch out

**Passenger jet aircraft replacement* forecast**

*Replacement: removal from current operator service

| 210/250 seats | 1990-94 | 1995-99 | 2000-04 | 2004-09 | TOTAL |
|---|---|---|---|---|---|
| Europe | 19 | 23 | 68 | 71 | 181 |
| Nort America | 27 | 5 | 70 | 92 | 194 |
| Asia/Pacific | 17 | 36 | 78 | 91 | 222 |
| Rest of world | 15 | 8 | 56 | 40 | 119 |
| Yearly total | 78 | 72 | 272 | 294 | 716 |
| **300/350 seats** | | | | | |
| Europe | 77 | 29 | 26 | – | 132 |
| North America | 143 | 125 | 47 | 5 | 320 |
| Asia/Pacific | 8 | 55 | 22 | 6 | 91 |
| Rest of world | 22 | 40 | 20 | – | 82 |
| Yearly total | 250 | 249 | 115 | 11 | 625 |

Source: Airbus Industrie

In the A330 and A340, this principle has been taken a stage further, to include the wing. Engineers were faced with the task of designing a wing that operates as efficiently as possible while carrying either two or four large, heavy and powerful turbofan engines.

The wings were designed at Filton, near Bristol, by British Aerospace, and built at BAe's plant at Chester. BAe has built the wings for all Airbus's aircraft to date, starting with the A300, which entered service in 1974. The A330/A340 wing is the biggest to have gone into production in the UK.

The designers have adopted two approaches to achieving the best possible lift-drag ratio – the lift performance as a proportion of the resulting aerodynamic drag. The extra lift from this type of wing converts directly into improved fuel consumption.

They have designed a wing which is long and narrow, like that of a glider. It also has what engineers call a "super-critical" wing section – one where, at cruising speeds, part of the airflow over the top curve actually moves, for a few instants, supersonically – although the aircraft itself does not fly faster than sound. Both features contribute to improving the lift-drag ratio.

In designing such a high-performance wing, BAe engineers working for Airbus faced the task of how to adapt the wing to carry either two very heavy engines or four somewhat lighter engines. This was overcome by the positioning of the outer engines.

Bob McKinlay, managing director of BAe's commercial aircraft division, has been involved with the A330/A340 wing since the design stage.

"The weight of the engines and the position of the engines on the wing is quite important in arriving at this design," he explains. The wing is primarily based on the twin-engine aircraft. The four-engine A340 was considered later.

The A330 is powered, typically, by two US Pratt & Whitney PW 4000 or General Electric CF6 engines. The A340's four engines are, typically, the US-French GE-Snecma CFM56.

Given that the basic wing is the one designed specifically for the A330 twin, the heavier weight of the four-engine A340 results in different stresses on the wing. On the A340, the bending moment is amply counteracted by the weight of the outer engines.

Both aircraft have similar fuel capacity in the wing. The A340 wing, however, provides greater lift, which has been translated into greater range, so that, unlike its twin-engined sister, the A340 can cross the Pacific comfortably.

Airbus is conscious of being a newcomer to the rough-and-tumble world of big-airliner manufacturing and marketing. With the A330-A340, it believes it has a winning design to last into the next century, and that technology will bring it its lead. It is confident of coming in on a wing but no prayer.

# Swift flight for cargo

With trials of a computerised bar-coding facility for warehouse inventory control successfully completed, KLM, the Dutch airline, claims its redesigned £7.5m air freight terminal at London's Heathrow airport operates the most sophisticated cargo handling system in the world.

The specially designed information technology system, the London Inventory Control System (Lics), is helping to cut the warehouse's handling time for imports by nearly a third.

Two years ago the KLM cargo handling facility at Heathrow was losing some £900,000 a year through inefficiency. This year, according to Jack Hofstra, cargo manager for UK & Ireland, the facility is making a profit for the first time.

The changes at Heathrow are the result of a decision by KLM to double throughput from 40,000 tonnes a year to 80,000 tonnes and increase the number of handling contracts with other airlines.

In addition to the Lics system, developed by IBM, KLM has introduced a narrow aisle racking system and a computer-controlled pallet container handling system. The systems are linked with Cargoal, KLM's computer tracking system which has more than 450 terminals worldwide and can be consulted for up-to-the-minute data on any shipment.

As well as monitoring movements, Cargoal also finds the optimum match between cargo volume and aircraft capacity and gives advance information on all incoming flights, so that warehouse space can be allocated well in advance of cargo arrival – an important factor when transporting perishable goods.

When unpacking an incoming shipment, the warehouseman confirms against the Cargoal data that the contents are correct. He also makes import/export and hazard checks and keys his confirmation into his terminal.

The Lics system, which tracks all import movements through the warehouse, locates the consignments when they are required and permits continuous bond checks, enabling the warehouseman to produce bar-coded labels.

It also feeds information directly to Customs & Excise and automatically updates the Cargoal data.

The bar-coded labels contain airwaybill numbers and other information to allow accurate tracking of the consignments. Warehousemen read the coded labels with hand-held scanners, thereby automatically registering every single movement which the consignment undergoes. Instructions to the warehousemen are relayed through computer terminals fitted to forklift trucks.

The new IT systems have reduced import handling time by more than one and a half hours to less than four hours.

**Michael Terry**

### Colour screens make their mark

JAPANESE electronics manufacturers, which dominate screen technology, are battling to produce the most sophisticated colour laptop computers.

● NEC has developed a portable computer which, it claims, can display a much greater range of colour than previous machines.

The ProSpeed 486SX/C uses thin film transistor (TFT) active matrix technology, in which each of the pixels (picture elements) which makes up the screen is controlled by three transistors – one for each of the three primary colours. The breakthrough for NEC has been in subtley controlling the mix of the three colours so that a total of 256 different hues can be viewed on the 10½-inch screen at any one time. This control is achieved through the use of specialised chips.

Versions of the machine, based on the Intel 80486SX processor chip, are available in Japan, Europe and the US. In the UK they will be priced below £7,000.

● Sharp, which supplies many of the TFT screens used by other Japanese and US laptop computer makers as well as those sold under its own name, has developed a colour screen for notebook computers which significantly reduces the power consumption – one of the biggest drawbacks with battery-powered machines.

Due to the development of a novel liquid-crystal material out of which to make the screens, Sharp is claiming a 70 per cent reduction in power consumption.

A new backfighting system also contributes to a reduction in the power used by the 8.4-inch colour screen. By using a special fluorescent tube and an efficient light guide, Sharp says the system consumes a quarter of the power of previous models.

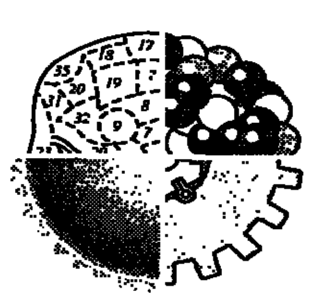
### Polystyrene in for the crunch

EXPANDED polystyrene, the packaging material used to protect everything from defence equipment to television sets, is easy to recycle. The problem is that the material is so bulky that it is uneconomical to transport from rubbish dumps or factories to the recycling plants.

A compaction system has now been devised which its developers believe could remove 95 per cent of the transportation costs. The machine, developed by Plasgreen, of Bury, Lancashire, squashes up to 400kgs of expanded polystyrene an hour, producing briquettes just one fortieth of the size of the original material.

The machine uses three hydraulic rams which compact the material horizontally and vertically, pushing out the air. Plasgreen has developed a way of compressing the material so that it does not spring back into shape once it leaves the machine.

The compaction system can be purchased outright. As an alternative, Plasgreen is offering to put the machines, free of charge, on sites where huge amounts of the waste material are produced. The company then removes the material for processing at its recycling plant.



## WORTH WATCHING

by Della Bradshaw

### Video meetings come of age

A VIDEOCONFERENCING system which costs just £17,000 has been introduced in Europe by PictureTel, of Peabody, Massachusetts.

The machine, the Model 20, uses two dial-up 64 kbit/s phone lines – the sort being provided by most of Europe's phone companies in their integrated services digital network (ISDN) programmes.

The advantage of dial-up systems is that they can be wheeled from room to room and plugged into any ISDN socket. And because the caller only pays for the transmission in the same way as an ordinary phone call – older systems used rented lines which had to be paid for 24 hours a day – the costs are much lower. PictureTel estimates that a videoconference between two UK sites would cost £12-£15 an hour and between the UK and the US £160 an hour. PictureTel has reduced the cost of equipment by developing specialised chips, so that the latest machines have fewer components than previous models.

### Military network in civilian role

A HIGH-capacity networking technology, developed in the 1980s for military use, is about to find a new use in France for businesses.

Electronics company Thomson-CSF is building a communications network for France Telecom, the French phone company. The network will use a novel technology called ATM (asynchronous transfer mode) which allows data transmission of up to 60m bits (megabits) of information a second – compared with a norm of 2 Mbit/s today.

Voice, data or video can be sent over such networks. On entering the ATM network the digital information is divided into fixed size parcels, each of which is given its own identifying code. The packets are then sent through the network, and the information restored to its original form on leaving the network.

### Material to keep the bugs out

A RANGE of materials which could be used in anti-bugging wallpaper and anti-spy computer protection has won a scientist from the Cookson Group, of London, the Monty Finniston award for products based on scientific advance.

The conductive polymer, which can be sprayed or stuck on, was developed by Poopathy Kathirgamanathan, who says the idea came to him in the bath. The organic powder works by preventing electromagnetic "noise", which is emitted by all electrical and electronic equipment, from passing through. This prevents outsiders from detecting the emissions, which could otherwise be deciphered for espionage purposes. However, the biggest applications for the new material is likely to be more mundane: for shielding cables.

Contacts: NEC: Japan, 03 3454 1111; UK, 081 993 8111. Sharp: Japan, 06 621 1221. Plasgreen: UK, 061 761 5741. PictureTel: US, 508 977 9500; UK, 0628 773738. Thomson-CSF: France, 1 49 07 80 00. Cookson: UK, 071 606 4400.

## MANAGEMENT

# MAP provides the route to success

**Rhys David** reports on the award-winning use of venture capital

Outside the Anglo-Saxon departments of a few universities there are not many people in Britain with a robust knowledge of the Icelandic language.

Yet, inspired by his passion for fish and, in particular, his interest in obtaining the best sources of supply, this is a skill which Peter Vassallo has acquired.

Vassallo is the 43-year-old managing director of Vassallo Sea Foods in Newcastle-upon-Tyne, and the winner of this year's Venturer of the Year Award, sponsored annually by Cartier the Jewellers and the British Venture Capital Association.

Now in its second year, the award aims to find the individual who over a five-year period has made the best use of venture capital in developing or expanding a business.

Vassallo won the award for the transformation of what had been a family fishmongering business into one of the main suppliers of fish to Britain's supermarkets. He follows in the footsteps of Tim Hely-Hutchinson of Headline Publishing, the successful book publishing company.

Just four years ago, Vassallo received the injection of venture capital funds needed to make the leap in scale he saw as necessary if he was to achieve his ambitions.

Earlier this year, he sold the business for £13m to food and vegetables wholesaler Albert Fisher, one of many suitors which had sought to buy his and his company's expertise.

Vassallo's success has been based not just on a very detailed knowledge of the fish business, acquired since boyhood when he used to accompany his father to the fish market in North Shields on an old steam ferry.

The judges decided he had shown considerable business vision – namely the ability to spot in advance, and anticipate to his company's advantage, the changes taking place in the sourcing, processing, marketing and sale of fish.

They concluded that his efficient use of the funds made available had helped to establish a healthy business and provided his backers with a very good return on their investment.

Vassallo, who had started his career as a teacher before taking over his father's business on his retirement, recognised in the early 1980s that traditional retail fish shops were coming under threat from higher cost of fish and from changing social patterns. With more women at work, it was clear that an increasing proportion of fish sales would be taken by supermarket chains, offering all the advantages of one-stop shopping.

Partly as a result of this trend, and also because of the loss of deep-sea fishing waters following the Cod Wars of the 1960s, an increasing proportion of fish sales were now of frozen fish. Yet with consumer standards rising it was clear there could still be good opportunities to increase sales of fresh fish, if it could be obtained and supplied economically to the public.

His response was to set up one, and then a series, of bars selling fresh fish in local supermarkets, but such a business, still based at that time on the fish he was himself personally purchasing at the quayside, had limited expansion opportunities.

The way ahead was through a new packaging process, modified atmosphere packaging (MAP), the use of which was then growing in the meat industry.

This makes it possible to extend the shelf life of fresh foods by chilling and sealing them in packs with a special air mixture. In the case of fish, the process also had the advantage of presenting the product in an odour and drip-free pack on which cooking instructions, weight and other information could be printed.

Between 1984 and 1987, Vassallo was able to establish trading relationships with a number of supermarket chains to supply MAP fish, but he needed a larger operational base than the 2,000 sq ft factory he was occupying to secure the credibility to win bigger nationwide accounts.

At this stage the business was making only marginal profits and expansion could not be financed wholly through normal bank facilities.

His accountant, Geoff Norman, of Arthur Young in Newcastle, introduced him to Tim Levett of Northern Venture Managers, who decided the risk was a good one. They made available a total of £300,000 through a group known as Northern Investors, in return for a 35 per cent stake in a newly-formed company, and this was topped up to more than £1m by bank funding and DTI grants.

With the aid of these funds, Vassallo was able in 1987 to move into, and equip with packing lines, a 20,000 sq ft purpose-built cook-chill factory which had been established by the area health authority in the grounds of a Gosforth hospital.

It had been intended to supply local hospitals with centralised catering services from the site but the plan had not worked, leaving the health authority with an expensive white elephant which they were glad to lease.

Since the move, the business's growth has been rapid, taking it to a point where it now vies for market leadership in the supply of packed and chilled fresh fish with Young's Seafoods, claiming around 30 per cent of market share. Since 1987 employment has grown from 70 to more than 200 people and sales per employee from £77,000 to £135,000.

Latest annual sales at £27m contrast with under £3m in the last year before the injection of funds, and, though profits before tax at £1.3m in the year to the end of July 1991 are relatively modest, they have been earned in a sector – fresh foods – where margins are very tight for suppliers.

The company's client list now includes J Sainsbury, Tesco, Safeway, Waitrose, Asda and the Co-op, as well as other smaller chains, and its products are sold under both own label and brand names.

Sources of supply have been diversified, too. Strong links have been forged with Iceland, Vassallo's main source of supply, and, when required, the company flies in fresh fish from Iceland to Glasgow or Newcastle.

Though costs are higher than for fish landed by sea, the willingness to meet demand in this way has helped cement relationships with customers.

Quality is maintained by a rigorous system of inspection by Vassallo's own teams which now covers 47 suppliers' plants in Iceland, Greenland, Denmark, Norway and the UK, and is reinforced by the company's commitment to high-quality standards in its own plant.

Earlier this year Vassallo's Newcastle plant became the first in the sector to gain the UK quality standard, BS5750, awarded only where a company's total quality management system is assessed as being fully adequate.

As the company has grown, Vassallo has recognised the limits to his own ability to manage all aspects of the operation, as in the earliest days, though when in the factory he can keep an eye on all departments through a bank of monitors located in different departments.

It is perhaps all the more surprising, therefore, that he should have decided to allow ultimate control to pass out of his hands with the sale to Albert Fisher.

"I had never thought of being anything other than independent," he confesses, "but I was very keen to see the company grow further. I wanted to take the company into Europe to replicate what we have achieved here, but if we had waited until we had had the resources, we would have missed the boat."

According to Vassallo, Albert Fisher was a known quantity with a hands-off management style, which will enable him to continue to run the business much as before.

Moreover, although he will concentrate on building up Vassallo further during the next year, while he completes an earn-out, it is clear that there are wider management possibilities for him later within the Albert Fisher group, which has other fish interests.

Peter Vassallo: transformed family business into one of Britain's main fish suppliers

# Setting standards to keep customers loyal

**By Andrew Jack**

If one word has come to dominate the vocabulary of trendy management more than any other over the last decade, it would have to be "quality". The concept is now beginning to gain wide acceptance in the UK.

The need is undeniable. According to statistics gathered from service sector companies in North America which have been collated in a recent report by the CMC Partnership*, a management consultancy specialising in quality issues, 70 per cent of customers dissatisfied with the service they receive will go elsewhere, but only 5 per cent will tell you they are unhappy.

Other figures are just as worrying. Dissatisfied customers tell an average of 10 people about their bad experiences, while satisfied customers tell only five. It typically costs five times more to attract a new customer than to keep an existing one.

On the other hand, 95 per cent of dissatisfied customers will become loyal again if their complaints are handled quickly and well.

However vague statistics like these may be, it is undeniable that interest in quality has grown rapidly. The British Standards Institution (BSI), the independent body which issues the "kitemark" and is dedicated to improving standards under its Royal Charter, introduced a Quality Management System standard, BS 5750, in 1979. About 12,000 companies have since been registered. It seems a far step from the BSI's first standard – for tram lines – at the start of the century.

Patricia O'Rourke from the BSI stresses: "Quality management is quite different from quality control." She says the latter is about screening products or services to weed out any that are faulty. Quality management, by contrast, is designed to ensure that faults do not occur in the first place – or at least that they can quickly be traced and rectified once they are detected.

Applicants have to compile a quality manual which contains every procedure involved in the production of a product or service. They are then audited, either by the BSI or by one of 13 other specialist consultants. The whole process generally takes between three and 18 months, depending on how near to the standards the company's practices already were.

The first organisations to qualify for BS 5750 tended to be from the manufacturing and heavy engineering sectors, a trend which reflects the origin of the standard as a Ministry of Defence specification for its own contractors.

Now applications are far more diverse. Most major car dealerships are working towards the standard. Over the past few years, service sector companies have shown greater interest. There are solicitors and recruitment consultants among those already registered. Management consultants and hotels are among other industries seeking registration. A set of guidelines for services will be published by the BSI next week.**

The BSI has not compiled detailed statistics showing the value of the standard, but O'Rourke says: "We are constantly getting reports that it is proving cost effective". She says some companies use it as a marketing tool, while others have been forced to apply after pressure from their other business customers. At the same time, the Department of Trade and Industry has provided some incentive through its Enterprise Initiative programme, which will typically reimburse 50 per cent of up to 15 days' worth of consultancy fees to help introduce quality management.

The CMC Partnership surveyed about 50 companies earlier this year to assess their attitude towards quality management. In line with BSI's experience, those which had not formally adopted quality standards felt that a standard would be bureaucratic and stifle entrepreneurial skill. Those which had, cited management philosophy, customer demand and competition as the main factors.

Most companies which applied for BS 5750 registration experienced difficulties meeting the requirements, and were surprised by the time taken to achieve certification. None had attained – or expected to reach – the standards in less than two years.

More than three-quarters hired a consultant to help them gain certification, believing that it would speed implementation, or because they did not have sufficient in-house expertise.

Those that were implementing the standards without outside assistance argued a consultant was too expensive, or would have no appreciation of their business.

Half the companies implementing quality systems said the process involved minor tweaking of existing procedures, while the remainder had to conduct major structural change.

Among the benefits from change were a reduction in errors and wastage, improved productivity, fewer recruitment problems, a smoother move into European markets and greater credibility with potential customers.

However, the practices adopted by one defence electronics company reflected the concern of managers that the concept of quality would be received sceptically by staff. A total quality manager was hired but he deliberately kept a low profile for four months, meeting only senior management and resisting any publicity which might generate false expectations of any change.

The message was gradually passed on through team training sessions for managers, every one of which was attended by the general manager. As an executive in another company remarked when asked to give advice to others on implementing quality systems: "Sort out your management first!"

**Attitudes within British business to quality management systems. The CMC Partnership, The Old Stables, 4 Milner Rd, Burnham, Buckinghamshire, SL1 7PB.*

***British Standards Institution. Guide to quality management and quality systems: elements for services. Available from October 1 from BSI Sales, Linford Wood, Milton Keynes, MK14 6LE. Price £38*

## BUSINESSES FOR SALE



## LEGAL NOTICES

NOTICE OF APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS

(FORMERLY ABLELINK LIMITED)
Company no. 2542092
SALE THORN LIMITED
(FORMERLY I.C.F. (THORNSALE) LIMITED
Company No. 2573031
SELBY THORN LIMITED
(FORMERLY I.C.E. (THORNESELBY) LIMITED)
Company No. 2573205
NEWCASTLE THORN LIMITED
(FORMERLY I.C.E. (THORNNEWCASTLE) LIMITED)
Company No. 2573020
LIVERPOOL 565 THORN LIMITED
(FORMERLY I.C.E. (THORNLIVERPOOL 565) LIMITED)
Company No. 2573152
LIVERPOOL 38 THORN LIMITED
(FORMERLY I.C.E. (THORNLIVERPOOL 38) LIMITED)
Company No.2573062
LEEK THORN LIMITED
(FORMERLY I.C.E. (THORNLEEK) LIMITED)
Company No. 2573090
KIRBY THORN LIMITED
(FORMERLY I.C.E. (THORNKIRBY) LIMITED)
Company No. 2573101
CROSBY THORN LIMITED
(FORMERLY I.C.E. (THORNCROSBY) LIMITED)
Company No. 2573066
GRAPPENHALL RITZ LIMITED
(FORMERLY I.C.E. (RITZGRAPPENHALL) LIMITED
Company No. 2440626
I.C.E. HOLDINGS LIMITED
(FORMERLY ICE HOLDINGS LIMITED)
Company No. 2403706

ISLINGTON THORN LIMITED
(FORMERLY I.C.E. (THORNISLINGTON) LIMITED
COMPANY NO. 2573153
Nature of business: Property Investment Companies

NOTICE IS HEREBY GIVEN that Michael Joseph Moore and David James Waterhouse of Cork Gully, Albion Court, 5, Albion Place, Leeds LS1 6JP were appointed Joint Administrative Receivers of the above named companies by Bradford & Bingley Building Society on 5th September 1991.Michael Joseph MooreDavid James Waterhouse

Joint Administrative Receivers

No. 007932 of 1991
IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION
IN THE MATTER OF LEICA PLC
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 5th September 1991 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Hoffmann at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 7th day of October 1991

ANY Creditor or Shareholders of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same

Dated this 25th date of September 1991

Slaughter and May of
35 Basinghall Street,
London EC2V 5DB

Solicitors for the said Company

## PERSONAL

## ARTS

# Siobhan Davies Company

**QUEEN ELIZABETH HALL**

**In 1974, Siobhan Davies produced *Pilot*, her first dance, a quietly penetrating view of a group of travellers. Since then, her choreographic manner has, at its best, exposed feeling and ideas through a movement language that kept a certain distance from its subject without losing vital contact with it. (At worst, her dances have looked analytically remote, blanched of experience – but these are a minority). In her company's autumn programme, on view at the QEH on Wednesday night, she showed us a new piece, *Arctic Heart*, in tandem with last year's *Different Trains*.**

**On a first and single viewing, *Arctic Heart* seems to me to have too much of the Arctic in it and not enough heart. Its inspiration is a text, by the American writer Gretel Ehrlich, dealing with her sojourn in a small Eskimo village in the remote Canadian north-west. Naively rhapsodic about ice and sky and wind, and what must have been remarkably hardy couplings, it is spoken throughout the dance with a minimal and undistinguished accompaniment by John Marc Gowans. And herein lies a flaw, for the piece is torn in two directions by our understanding of the text and our response to movement which is not illustrative but contemplative. Indeed, the dance manner proposed by most of Davies' artists (the company comprises three women, three men) is self-absorbed, self-conscious, so that they seem untouched both by the vocalisings and by the dance. Only in Paul Douglas's performance do urgencies of feeling, vigour of response to the choreography, impel the movement – and the piece itself – into warm-hearted theatrical life. Otherwise the loops, curves and falls of the action, as the dancers lean on each other, look as if they had been kept in a freezer in order to maintain the correct Arctic climate of the emotions.**

**There is a set by David Buckland that contrasts a backdrop featuring a dream-like female nude with a floorcloth in icy colours, marked with Inuit images. The resonances implicit in these two ideas, between frozen climate and human nature, do not sound loudly enough in performance.**

**Such polarities are much clearer in the second work of the programme, *Different Trains*, which was created last year and admired in these pages by Alastair Macaulay. Steve Reich's score (whence the work takes its name) is a chugging, hard-driven string quartet layered with text and pre-recorded quartet writing. It confronts Reich's own childhood train trips across America in the early 1940s with those nightmare cattle-truck journeys taken by Jewish children in Nazi Europe at the same time. The theme must ever be one of giddying horror, and Siobhan Davies' choreography might seem too much under control, but the movement has an energy and a dynamic variety – rather like a sequence of brief film clips of incidents – that show her dancers as people rather than as cyphers. Paul Douglas was again a fine and vivid presence, and a newcomer, Deborah Saxon, possesses a fine linear quality – reminiscent of Siobhan Davies' own performances.**

Alastair Muir

**Lauren Potter and Paul Douglas**

**Clement Crisp**

# Film festivals in Canada

Film festivals impose contradiction on the critic. Although the sheer volume and impressive quality of the selections can create a kind of euphoria there is also something to be said for the intense feelings of dread and alienation that result from seeing a plethora of bad films.

The recently-concluded Toronto Festival of Festivals offered the most impressive selection of films in an otherwise dreary year for Berlin, Cannes and Venice. Toronto follows directly on the heels of the Montreal World Film Festival, an event that is in serious decline. Montreal was received so negatively by the local press this year that the resignation of the festival's founder, Serge Losique, was called for.

But Toronto had no problem satisfying the critical palates of a press corps hardened by the year's slim pickings. German director Volker Schlöndorff (*The Tin Drum*) presented his new film, *Voyager*, to wildly appreciative audiences. Based on the Max Frisch novel *Homo Faber*, the film recounts the emotional odyssey of a civil engineer, Walter Faber (Sam Shepard), who falls in love with a young woman (Julie Delpy) during an ocean-going cruise back to Europe. This is Schlöndorff's best work in ages, ably supported by Shepard's laconic yet elegant performance. Looking like an anguished Gary Cooper, Shepard conveys the tragic foreboding that awaits the culmination of a fitful series of coincidences.

The best Canadian film of both festivals was Quebec director Lea Pool's *The Savage Woman*, which Montreal voted its favourite. Filmed in the Swiss alps, this is a melancholy study of a reclusive engineer (Matthias Habich) who becomes involved with a woman (Patricia Tulasne) running from the law. The tension of their doomed love affair is heightened by an ever-tightening police investigation that begins to strangle their relationship, and Pool choreographs the deepening pathos with the hauntingly beautiful images that are her trademark.

*The Savage Woman* was one of the few films that distinguished the competitive section in Montreal, which also met heavy criticism over the absence of celebrities. With the exception of Marcello Mastroianni, who flew in for a special tribute, not a single major European film star made an appearance. This was a source of considerable embarrassment to a festival that once played host to virtually all of Europe's film royalty.

Particularly galling was the decision of the Montreal jury to award the top prize to *Salmonberries*, directed by German filmmaker Percy Adlon (*Bagdad Café*), a dreary nordic drama set in Alaska and featuring Canadian country and western singer KD Lang as a sexually-confused mineworker who forms a relationship with a German librarian (Rosel Zech). It would be hard to imagine a stranger or less accomplished film winning an award at a major festival.

One outstanding French film shared by Toronto and Montreal was *Delicatessen*, a sci-fi comedy set in a futuristic world where food shortages have inspired the local butcher to start carving up human entrées. Dominique Pinon (last seen as the villain in *Diva*) and Marie-Laure Dougnac play two innocent tenants in a labyrinthine apartment complex who struggle to survive the surrounding chaos. The film is a visual feast that relies on elaborate sets, staccato editing and eccentric characters to convey the impression of a rotting society. Dougnac's enchanting and sweetly romantic performance added warmth to a film set amongst the ruins of civilization.

Two other American films that deserve mention are Terry Gilliam's *The Fisher King*, and Walter Salles' *High Art*. *The King Fisher* is a major studio production that harnessed the talents of a skilled auteur in Gilliam, the former Python. Jeff Bridges and Robin Williams star as a marvellous pair of tragic figures: Williams plays a former professor of medieval history who has since drifted into a mad street-dweller, while Bridges is a once-popular DJ whose world has suddenly collapsed around him. Their relationship is a superb testament to the simple virtues of friendship.

*High Art*, on the other hand, is a crude deception based on the Ruben Fonseca novel. Featuring Peter Coyote and Amanda Pays in the principal roles, the film starts well by building on a mysterious series of murders in Rio de Janeiro that follow the path of a celebrated American photographer (Coyote). But after he begins to investigate the death of a prostitute he once befriended, *High Art* drops down to the level of mindless violence as our intrepid photographer is transformed into a revenge-seeking terminator.

**Harold von Kursk**

# Tribute paid to a violent lady

**Susan Moore reviews Artemisia Gentileschi in Florence**

Artemisia Gentileschi is the most famous female Old Master. The reason is as much due to her unfortunate fate as her considerable gifts which far exceeded those of Marietta Robusti, Lavinia Fontana, Sofonisba Anguissola or Elisabetta Sirani. At the age of 17 she was raped "time and time again" by her father's collaborator and family friend Agostino Tassi who had been entrusted to instruct her in the art of perspective.

The suit brought by her outraged father Orazio and the subsequent sordid trial of 1612, in which Artemisia's honesty was tested by thumbscrew, ensured her notoriety and public humiliation. Her violent depictions of virago Judiths hacking off the head of Holofernes, of Jael hammering the tent peg into the neck of the sleeping Sisera, have been seen as aggressive expressions of revenge and castration.

It is a tempting interpretation, not least given the self-referential aspect of 16th and 17th century painting. Michelangelo had depicted himself as the flayed St Bartholomew in the Last Judgment, Caravaggio as the slaughtered Goliath. Titian seems to have given his likeness to the head of John the Baptist on the charger, and Cristofano Alori cast himself as Holofernes and his haughty mistress as Judith brandishing his head in triumph.

Artemisia's gory portrayals of Judith and Holofernes are unconventional in that they depict not a *fait accompli* of severed head and bloodied sword but the arrested, blood-curdling moment of severing: the grim concentration of Judith's maidservant as she holds down the struggling Assyrian general; Judith, distancing herself from the distasteful act, gripping his head by the hair in her left hand and sawing through his neck with the sword in her right. In one version, Holofernes' blood runs down the bed in rivulets. In another, arterial blood spurts out uncontrollably in all directions, splattering the women with ruby droplets.

While the depiction of the act of decapitation is unusual, it is not unique. It is no coincidence that Caravaggio had already depicted the same horrific moment, admittedly as less of a blood bath. Orazio Gentileschi had been his first followers in Rome. Unsurprisingly, a radical Caravaggesque realism informed not only his daughter's style and composition but also her subjectmatter. Her favoured and apparently feminist repertoire of Biblical and Classical heroines, of vengeful Judiths and Jaels, victimised Susannas and Lucretias, Salomes and Penitent Magdalens, Esthers and Lot's daughters, was in fact long established.

Artemisia was successful in her day, but perceived more as an exceptional woman than as an artist to be judged along with her peers. Her critical re-evaluation began early this century but only gained momentum with the feminist studies of the 1970s. She is "The Magnificent Exception" in Germaine Greer's seminal *The Obstacle Race*, and played a major role in Ann Sutherland Harris and Linda Nochlin's exhibition of women artists 1550-1950. Two years ago saw the first monograph, Mary Garrard's *Artemisia Gentileschi: The Image of the Female Hero in Italian Baroque Art*, and this year sees the first monographic show, at the Casa Buonarroti, Florence, until November 4.

It is a strange exhibition, far from the full-bodied Artemisia retrospective one might expect. Given the restrictions of space at the Casa Buonarroti – the show is limited to three rooms – and, presumably, restrictions of cost – there is only one non-European loan – the organisers seem to have determined on a show with a narrow focus and a large number of purposely speculative attributions. At least five of the 27 pictures have probably have nothing at all to do with Artemisia. She seems to be doomed to the fate of art historians attaching her name to any unconvincingly attributed and undistinguished canvas with suitably violent subjectmatter.

Our great treat is a sight of the "Susanna and the Elders" on loan from Pommersfelden. Excessive claims tend to be made for Artemisia's expressive originality. Here, she does seem to be retelling a time-old story from a woman's-eye-view and coming up with a powerfully different image. I doubt that a man could have exposed, as she has done, the vulnerability of a defenceless, naked woman taken by surprise and threatened with shame.

Susanna is so often an excuse to paint a seductive nude in a delectable landscape, unaware of the peeping Toms who are plotting to seduce or defame her. Artemisia contains the action in a confined space where the double bulk and foul whispers of the conspiratorial Elders bear down on Susanna. Her awkward, zig-zag pose is acutely expressive of her fear and anxiety.

If the inscribed date of 1610 is correct, the painting would be a precocious work for a 17-year-old. It has been suggested that Orazio may have helped in the planning and execution. A later date is proposed by those who see it as a work of her maturity, and by those reluctant to believe it predates her harrowing deflowering.

During her later sojourns in Florence and Naples her work becomes still more classicising, less Caravaggesque. The last great work of the exhibition is a Neapolitan canvas of "Esther before Ahasuerus, appealing to save the Persian Jews". It is not an entirely successful picture, despite the sumptuousness of the Venetian costume and colour harmonies.

Artemisia is not well served by this small, provocative show. There are too few works by her, and too many bad pictures tentatively given to her.

**'Susanna and the Elders' by Artemisia Gentileschi**

# Lady Day at Emerson's Bar...

**RIVERSIDE STUDIOS**

The Birmingham Rep, UK has joined forces with the Birmingham Rep, Alabama with the aim of swapping productions. The British company took its production of *The Ragged Trousered Philanthropist* (which had a London showing at the Lyric, Hammersmith) to Alabama earlier this year. Now the American company has reciprocated with *Lady Day at Emerson's Bar and Grill*, a musical elegy based on the life of Billie Holiday.

*Lady Day* naturally concentrates on jazz, and the story of Billie Holiday (Lady Day) herself. Emerson's Bar is the place in Philadelphia where she frequently performed. Apart from a bass player in the background, there is only a pianist (Darrel G Ivey) who sometimes speaks, and Lady Day, played by Chris Calloway. The show, written by Lanie Robertson, is a mixture of song and story in soliloquy.

How well Ms Calloway takes to it. At the start, I thought she was excessively nervous, perhaps overawed by the hugely cavernous setting of the Riverside Studios. This, I was told by an American lady on the board of the Alabama company, was deliberate – to show straightaway the effect of the drugs. Certainly that seems plausible, for Ms Calloway's performance moves with apparent effortlessness between relaxation and hyper-tension.

It is those contrasts that help to make it such a pleasing show. At one moment Lady Day is telling stories about how segregationists were made to look foolish for their bigotry. "That guy wore white socks because he had a colour prejudice." At the next she is expressing real hurt at their attitudes. Then she is off in a world of her own, saying what she would really like – "my own club where I could sing to all my friends".

Others with greater knowledge of the original may make finer judgments on the quality of Ms Calloway's voice. What seemed to me remarkable is the way she sticks to jazz without leaning over into pop. Only one number "T'ain't Nobody's Biz-Ness" falls remotely into the latter category. I thought she was captivating and she ends with a beautiful dying fall, though not literally.

*Lady Day* is directed by Martin L Platt, the Alabama company's artistic director, and runs at the Riverside until October 12 before moving to Birmingham, England.

**Malcolm Rutherford**

# Driftings

**SADLER'S WELLS THEATRE**

Ignorance of the company and a programme with illustrations of men in raincoats, somewhat grotesque female nudes, and featuring paragraphs about the search for identity – murky waters where personality dissolves and the like – led me to approach *Driftings* with caution. A few minutes after the show began, however, I was startled to find a smile of pure delight breaking over my face as the Compagnie Philippe Genty unfolded a superb display of theatrical illusionism, puppetry and dance.

Pure theatre, if such a thing exists, must be something like this: skills honed and perfected to allow their practitioners to suggest a world of emotion and mystery from an empty coatsleeve or a slowly turning head – a puppet's head, manoeuvred with careful fingers in a technique, without strings or awkward artificialities, based on the closest possible contact between the non-human and the human performers.

Ancient tricks, quick-change routines, rope dances, fake levitation, lengths of silk shaken about to suggest varying landscapes, are performed with such committed grace that they move beyond the cleverness of skilful effect to operate just where the programme said, somewhere where things dissolve and meanings shift.

Part of the magic lies in the quality of observation. The puppets, representing men in raincoats (from very tiny to half-life), glamorous women (from half-life to huge) and goldfish, assisted by a tiny train, an aeroplane, an ocean liner and a city skyline which transforms into a jungle-ringed volcano, are superbly drawn and lit. The lighting designer, Eric Wurtz, is really the master of the revels, for most of the effects rely on the use of deep blackout. Dressed alike, the human and puppet performers become interchangeable, definitely identifiable as one only when contrasted with the other.

Philippe Genty has travelled the world working with puppets for the last 30 years, developing a technique which, though it reminds of much, is ultimately unique. His company serve him wonderfully, whether, like his wife, choreographer Mary Underwood, they have been with him for 20 years, or whether they have been drawn to work which makes full use of those "theatre skills" so often talked of, so little seen. Those whose task it is to bring magic to our stages should rush to Sadler's Wells.

**Lynn MacRitchie**

## INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

Over the next three weeks, the Gate Theatre in Dublin is staging a Samuel Beckett Festival, as part of the Irish capital's European City of Culture celebrations. Several foreign directors will be taking part. Walter Asmus from Germany will stage Waiting for Godot (Oct 1, 2, 3, 4, 5, 13) and a triple bill including Footfalls (Oct 10-13). The Polish director Antoni Libera will stage Endgame (Oct 16-20), and Lucy Bailey from Britain will direct Come and Go, Act Without Words II and Play. There will also be performances of Krapp's Last Tape (Oct 4, 5, 9, 20).

A total of 19 plays will be shown at the Gate. During the festival, Trinity College Dublin is presenting a series of lectures by leading interpreters of Beckett's work, and other performances will include Cette Fois with David Warrilow and Company with Julian Curry. Radio Telefis Eireann will broadcast several Beckett plays, and Alan Gilsonan's film of Eh Joe will be shown on television. (01-744368)

Czechoslovakia has two autumn music festivals over the next two weeks at Brno and Bratislava, neither of which has yet succumbed to the commercialised atmosphere of many of their western counterparts. Brno (Oct 3-13) is focusing on the Dvorak 150th anniversary, with performances of the oratorio St Ludmilla (1886), the Requiem and the operas Dmitrij and Rusalka.

Bratislava opens tomorrow with a production of Le nozze di Figaro at the Slovak National Theatre, and a Mozart and Cikker concert at the Philharmonic Hall conducted by Martin Turnovsky. The festival offers a platform for some lesser-known Slovak ensembles, many of which are of excellent quality – such as the Slovak Chamber Orchestra, which gives a Mozart concert on Oct 4. Petr Altrichter conducts Dvorak's oratorio The Spectre's Bride on Oct 5, and the festival ends on Oct 10 with performances of La forza del destino at the National Theatre, and Beethoven's Missa Solemnis at the Philharmonic Hall. Internationally renowned Slovak singers such as Sergey Kopcak, Luba Orgonasova and Gabriela Benackova are scheduled to take part in the festival.

### EXHIBITIONS GUIDE

**AMSTERDAM**

**Rijksmuseum** A.I.Melling (1763-1831): an exhibition devoted to a once-famous French artist, including detailed drawings of Dutch towns. Ends Nov 24. Closed Mon

**Van Gogh Museum** Drawings by the Moravian artist Jiri Georg Dokoupil (b1954) and sculptures by the Dutch artist Joost van den Toorn (b1954), selected for their affinity to the art of the late 19th century. Ends Nov 24. Also Acquisitions 1986-91, including work by Dutch artists of the Hague School, contemporaries of Van Gogh, two Van Gogh drawings and two paintings. Ends Jan 5. Daily

**BARCELONA**

**Fundacio Joan Miro** Karel Appel (b1921): 66 paintings and seven sculptures illustrating the Dutch artist's barbarous realism, apocalyptic visions and desire to experiment with new techniques and materials. Ends Dec 1. Closed Mon

**BASLE**

**Kunstmuseum** 20th century drawings from the Burckhardt-Koechlin Foundation, including work by Picasso, Alberto Giacometti, Modigliani, Dubuffet, Ernst and Beuys. Ends Dec 8 Closed Mon

**Museum für Gegenwartskunst** Emanuel Hoffmann Foundation acquisitions 1980-90: work by Beuys, Nauman and many others Ends Nov 25. Closed Mon

**BERLIN**

**Agyptisches Museum** Twilight of the Pharaohs: an exhibition celebrating the discoveries and research of the 18th century Egyptologist Jean-Francois Champollion. Ends Oct 20. Daily

**Altes Museum (Gemäldegalerie)** Rembrandt: the biggest exhibition ever mounted of the Dutch master's paintings and drawings, taking into account latest research on attribution. 50 unquestioned Rembrandt paintings are on view alongside others now re-attributed to his pupils, together with a parallel showing of etchings. Ends Nov 10. Closed Mon and Tues

**BIELEFELD**

**Kunsthalle** Picasso's Surrealism 1925-37: more than 100 paintings, drawings, water colours, prints and sculptures from the artist's surrealist period. Ends Dec 15. Closed Mon

**BONN**

**Rheinisches Landesmuseum** John Heartfield: centenary retrospective of the Berlin-born photo-montage artist, known for his life-long Communist beliefs. Ends Nov 3. Closed Mon

**FRANKFURT**

**Schirn Kunsthalle** Picasso, Miro, Dali and the origins of modern art in Spain: an exhibition tracing the development of Arte Nuevo from 1900 to 1936. Ends Nov 10. Also Tapies and Books: a collection of prints and illustrated books showing how the celebrated Catalan artist (b1923) has not only worked with traditional printmaking processes, but also enhanced them to suit his expressive needs. Ends Nov 10. Closed Mon

**Städel** The Städel Moderns 1906-37: an exhibition of paintings dubbed degenerate by the Nazis, now restored to their former home, including work by Beckmann, Chagall, Gauguin, Klee, Kokoschka, Matisse and many others. Ends Jan 12. Daily

**LONDON**

**Royal Academy** The Pop Art Show: the icons of Pop from London and New York in the 1950s and 1960s. Ends Dec 15. Daily

**Tate Gallery** Turner's Rivers of Europe, focusing on his tours to the Low Countries and the Rhineland in 1817, the 1820s and 1830s, including many little known watercolours. Ends Jan 26. Also William Blake: 150 watercolours, drawings and engravings from the Tate's fine collection of work by the English visionary poet and painter. Ends Nov 2. Daily

**Victoria and Albert Museum** Visions of Japan: a glimpse of the complexities of Japanese culture and lifestyle in the past, present and future. Ends Jan 5. Also Schinkel: paintings, architectural drawings, furniture and silver by the great 19th century German classical architect. Ends Oct 27. Also Postmodern Prints: an assessment of the conflicting versions of Postmodernism. Ends Oct 27. Daily

**MANNHEIM**

**Kunsthalle** Auguste Rodin and the Gate of Hell: sculptures and drawings from museums in Paris, Tokyo and Philadelphia, showing how Rodin's door for the Ecole des Arts Décoratifs provided him with a fount of ideas for other work. Ends Jan 6. Closed Mon

**MUNICH**

**Kunsthalle der Hypo-Kulturstiftung** Matta: a major retrospective of the Chilean-born surrealist who now lives in Italy and is shortly due to celebrate his 80th birthday. Ends Nov 11. Daily

**NANCY**

**Musée des Beaux-Arts** Cubism in Prague: the Czech contribution to the artistic avant-garde in Europe in the first two decades of this century, with 85 works by Otto Gutfreund, Otakar Kubin, Josef Capek, Bohumil Kubista and others, alongside 25 works by Braque, Derain and Picasso. Ends Dec 1. Closed Tues

**NEW YORK**

**Metropolitan Museum of Art** Seurat: a major retrospective marking the centenary of the artist's early death, mounted in cooperation with the Musée d'Orsay in Paris. Also Neo-Impressionism, the friends and followers of Seurat: 70 paintings, drawings and prints by Pissarro, Signac, Matisse and others, drawn from the Museum's own collection. Ends Jan 12. Closed Mon

**Museum of Modern Art** Guillermo Kuitca (b1961): an exhibition of recent works by the Argentine artist whose imagery includes beds, stage sets, floor plans and road maps. Ends Oct 29. Also Pleasures and Terrors of Domestic Comfort: the life of the home seen through the cameras of contemporary American photographers. Ends Dec 31. Also Lee Friedlander: Nudes. Ends Oct 8. Closed Wed

**PARIS**

**Grand Palais** Géricault: a major retrospective marking the 200th anniversary of the birth of one of the most influential figures in the development of the Romantic movement in art, with 350 works from public and private collections around the world. Ends Jan 6. Closed Tues, late closing Wed

**Musée Picasso** Picasso, Jeunesse et Genèse: more than 100 early works from the years 1893-1905, some of which are being shown in public for the first time, including family and self-portraits, caricatures, symbolist and naturalistic works, as well as paintings on religious and erotic themes. Ends Nov 25. Closed Tues, late closing Wed

**Musée d'Art Moderne** El Lissitzky: a retrospective of the Russian constructivist (1890-1941), who was a major figure of the avant-garde at the time of the 1917 Revolution. Ends Oct 13. Closed Mon

**Musée d'Orsay** Munch and France: an exhibition tracing the interaction between Munch and French art resulting from his visits to Paris between 1885 and 1908. Most of the paintings come from public and private collections in Norway. Ends Jan 5. Closed Mon, late closing Thurs

**ROTTERDAM**

**Museum Boymans-van Beuningen** Perspectives: a survey of architectural painting in the 17th century, including work by Pieter Saenredam and Hans Vredeman de Vries. Ends Nov 24.

**STUTTGART**

**Galerie der Stadt** Otto Dix: a major retrospective marking the centenary of one of the towering figures of 20th century German art, renowned for the bitter realism of his portraits, brothel scenes and visions of war. Ends Nov 3. Closed Mon

**VIENNA**

**Albertina** Italian drawings: 150 works from the Albertina's own rich collection, ranging from the late Middle Ages to the 18th century. Ends Nov 3. Also Bela Uitz: drawings from the period 1913-25 by the Cubist-influenced member of the avant-garde in early 20th century Budapest. Ends Nov 10. Daily

**WASHINGTON**

**National Gallery** Rembrandt's Lucretias: two related masterpieces, one from the gallery's own collection (1664) and the other from the Minneapolis Institute of Arts (1666). Also Innovative Art from Graphicstudio: a survey of 90 prints and sculptures from the past two decades by 24 artists at the Graphicstudio workshop in Florida. Ends Jan 5. Daily

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# Pinpointing blame at BAe

WHEN a hard-fought boardroom battle results in the departure of the chairman, the press headlines inevitably focus on management style rather than substance. But whatever the proximate cause of Sir Roland Smith's exit from British Aerospace it is clear that some kind of reckoning was due on more fundamental grounds.

The business professor best known for his fistful of non-executive directorships was the chief architect of a strategy of conglomerate diversification at BAe that had manifestly gone awry. Only the failure of an attempted merger with the construction and engineering group Trafalgar House denied Sir Roland the opportunity to deliver the *coup de grâce* to the hapless company of which he ceased to be chairman late on Wednesday.

Sir Roland always looked a somewhat unlikely candidate to lead BAe out of the wilderness. His most successful boardroom venture was to protect House of Fraser from the attentions of Mr Roland "Tiny" Rowland, the controversial chief executive of Lonrho, before selling the stores group to three Egyptian-born businessmen who subsequently turned out to be even more controversial. This expertise in trench warfare, however impressive, was scarcely the stuff of mainstream industrial management. Sir Roland's earlier track record in industry was chequered.

For all that, the failure at BAe is little different from the failure that has dogged so many British companies in industries facing decline or structural upheaval. If the problems of the core business look intractable there is a strong temptation to diversify into areas in which management has no obvious expertise.

### Chosen path

That certainly was the story at BAe under the professor. His chosen path included the acquisition of a property company just in time for the worst property market collapse since the mid-1970s. The acquisition of Rover Group, which came just in time for a savage recession in the motor industry, was justified to institutional shareholders on financial rather than industrial grounds, no doubt because the industrial logic was slender. The purchase of Royal Ordnance, meantime, represented a retreat into the defence contracting area from which BAe was trying to escape. Again financial and property considerations played a key part.

### Diversification disaster

This scarcely amounted to a coherent strategy. Nor have many others succeeded in pulling off the conglomerate trick. In the present cycle British & Commonwealth has foundered after a disastrous diversification into financial services. Britain's biggest insurer, Prudential, is one of many to have lost millions in an ill-judged foray into estate agency. Even those companies that have diversified through acquisition in related areas have often found the going rough, witness glassmaker Pilkington's venture into contact lenses.

That is not to say the trick is impossible. Reuter's diversification from wire service to provider of screen-based dealing systems was an outstanding achievement. Even more surprising was the remarkable success of the Trustee Savings Bank's initial diversification into insurance. Yet these initiatives were not primarily acquisition-led. Equally striking, they were undertaken when the institutions concerned were unquoted.

Indeed, part of the wider cost of an active capital market may well be that quoted companies are under undue pressure to address fundamental structural problems with a quick acquisition fix, rather than a more carefully managed diversification through direct investment in new plant or skills. If the company is big, like BAe, the bigger and more risky the requisite fix.

It is not a uniquely British problem. Bank-led corporate governance in Germany has just promoted a very questionable looking case of conglomeration at Daimler-Benz. But in Britain the capital market's system of penalties and rewards ensures that a more frenetic deal-making mentality persists among top managers than elsewhere. The need for a more sceptical managerial attitude to acquisitions is evident.

# Anti-trust in global markets

THIS WEEK'S agreement between the US and the European Community to co-ordinate enforcement of anti-trust policies is a striking demonstration of the pressures on national regulators to catch up with the realities of global markets. As well as tackling a potential trouble spot in bilateral economic relations, the agreement may in time prove a rallying point for wider international co-operation. But it is still only a first step down a road strewn with political and legal difficulties.

Competition policy has long been recognised as the obverse side of trade policy: indeed, an attempt was made as long ago as the 1940s to create an international framework for both in a single United Nations body. The linkage has grown still tighter as increased direct investment and mergers across frontiers have forced the pace of international economic integration. However, efforts by national regulators to adapt unilaterally to these trends have often been either ineffectual or unduly disruptive.

The transatlantic frictions created by US anti-trust intervention several years ago in the Laker Airways case and the Minorco bid for Consolidated Gold Fields testify to the growing threat of jurisdictional conflicts. That risk has been increased by the EC's year-old merger control regulation, which explicitly authorises the Brussels Commission to vet deals involving companies headquartered – and doing most of their business – outside the Community.

### Enforcing remedies

Attempts to extend regulation extra-territorially can have legitimate motives. Mergers between companies which are judged harmless in their home markets can arouse serious competition issues in other countries. The problems arise when authorities in the latter try to enforce remedies. They are only likely to succeed if they possess the brute force needed to impose their will beyond their frontiers – as the EC has been able to do on smaller neighbours.

By instituting a regular EC-US dialogue, this week's agreement should reduce the danger of bilateral disputes. However, it falls far short of the treaty originally sought by the EC, which would have drawn precise boundaries around each authority's jurisdiction. That was rejected by Washington on the grounds that Congress would bridle at an international commitment limiting anti-trust powers enshrined in US legislation.

### Sovereign prerogative

It is ironic that a government which has been strenuously seeking to foist its own model of anti-trust policy on other countries, notably Japan, should display such an unshakeable attachment to sovereign prerogative. However, the US position is a measure of the obstacles confronting any effort to lay down agreed international ground rules for the conduct of anti-trust policy.

The most promising avenue might appear to be through multilateral negotiation, such as the Organisation for Economic Co-operation and Development is currently trying to organise. But it faces an uphill struggle. Only half of OECD members have mergers policies, enforced with varying rigour and according to differing criteria. Attitudes to restrictive trade practices diverge still more widely. Even if more common ground could be achieved in these areas, a morass of procedural and technical difficulties would remain.

A still more fundamental problem, however, is that governments are themselves increasingly to blame for creating the market distortions which anti-trust policy is supposed to prevent. Under pressure from threatened domestic producers, both the US and the EC have in recent years compelled Japan to accept elaborate trade restrictions, notably on cars and semiconductors. In practice, these amount to officially-sanctioned cartels to the formation of which, in the EC's case, the competition commissioner was reluctantly a party.

Western governments' enthusiasm for such arrangements sits oddly with their complaints about cartelisation of Japan's domestic market. While such inconsistencies persist, progress towards creating a more rational framework for international competition policy will remain halting, at best.

## BAe needs new impetus for its defence, aviation, car and property business, write Paul Betts, David White and Kevin Done

# In search of a guidance system

British Aerospace has resolved – for the time being – the top management crisis which has engulfed the company during the past few weeks. But the boardroom battle has overshadowed a far more profound crisis of identity at BAe. As Britain's biggest defence contractor, the company has become a casualty of the irreversible decline in the defence sector following the end of the cold war. Its commercial aircraft activities have been hit by the severe slump in the aviation industry. Its Rover car and property operations are struggling in recession.

"The question of Professor (Sir Roland) Smith is not frantically relevant as far as we are concerned. For us the key points are the performance and the direction the company is going," one institutional fund manager said just before Sir Roland's resignation as chairman on Wednesday.

He was probably underestimating the importance of the resignation because it had clearly become a prerequisite to help restore City and shareholder confidence in the group. But he was also pointing a finger at the fundamental challenge facing the management led by Mr Dick Evans, the chief executive, and Sir Graham Day, the new interim chairman.

The problem is that not only are the institutional investors confused but so is the company itself. "We seem to be lacking a sense of direction," said an executive at one of the company's defence arms.

Sir Graham emphasised shortly after his appointment that the company now had to "press on with alacrity" to deliver the strategy outlined in detail in the prospectus for its £432m rights issue. The overall plan involves accelerating the company's restructuring and focusing on the core businesses of defence, commercial aviation, cars and property.

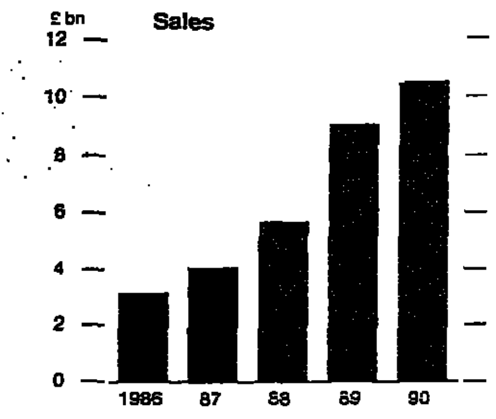
During the past two weeks, Mr Evans and Mr Dudley Eustace, BAe's finance director, have been touring the institutions to outline the company's plans. "The Dick and Dudley show", as Sir Graham describes the investor confidence-boosting campaign, has not had an easy ride.

The immediate task is to ensure that the success of the rights issue to help fund the latest restructuring and provide capital for long-term capital intensive projects including the Airbus airliner programme and the development of the Rover car family. The next is to rebuild relations with institutional investors. The third is to develop a more multi-national culture, abandoning the company's past determination to try, in aerospace at least, to go it alone in developing new ventures or assuming the lead in collaborative programmes.

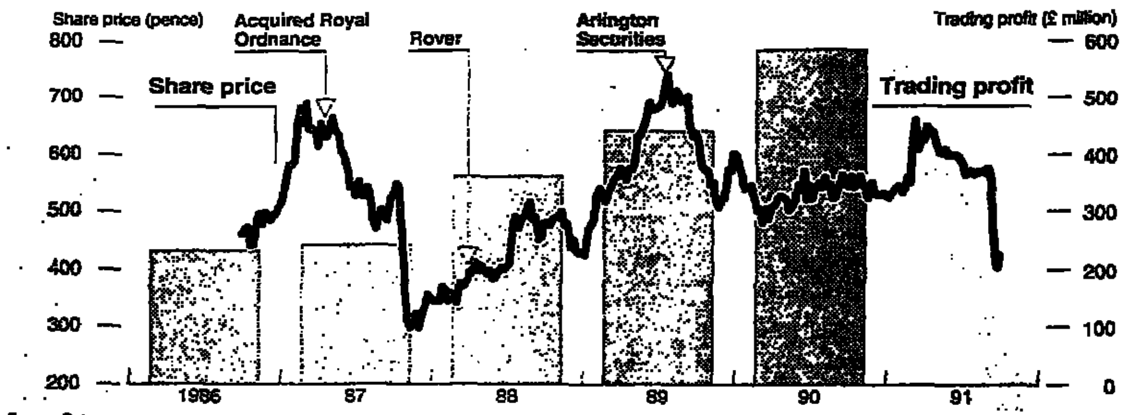
The company will also have to overcome criticisms that have arisen over the past few years, especially following its acquisitions of the state-owned Rover group and Royal Ordnance, about its nature of its inter-dependent relationship with government. The issue remains all the more ambiguous because of BAe's needs to reconcile long-term aims with the short-term concerns over stock market performance which have preoccupied its management since privatisation.

*Finally, the new management will* have to establish the necessary technological, industrial and financial bases to ensure the necessary profitability to avoid the company's having to return to the market for more cash in a few years.

Mr Evans says there are no "black holes" in the company. But cynics reply that the entire company may be a black hole. The diversification strategy designed to reduce BAe's dependence on defence has been costly, and so far failed to deliver benefits. Mr Evans' admits that one of the problems this year has been all the cycles in BAe's main businesses going wrong at the same time.




| | Sales (£m) | | Trading profit (£m) | |
|---|---|---|---|---|
| 6 months to June 31 | 1991 | 1990 | 1991 | 1990 |
| Defence systems | 1,918 | 2,055 | 273 | 177 |
| Commercial aircraft | 839 | 635 | (16) | 15 |
| Motor vehicles | 1,863 | 1,863 | (45) | 33 |
| Property development and construction | 315 | 269 | 15 | 9 |
| Space and communication systems | 71 | 52 | (19) | (3) |
| Enterprises and other | 84 | 67 | 5 | 3 |
| | 5,090 | 4,941 | 213 | 234 |
| Less: Intra-group | (204) | (155) | - | - |
| | 4,886 | 4,786 | 213 | 234 |




Source: Datastream

Despite diversification, BAe's heart remains in defence.

Ironically, the company's defence activities have increased their share of overall trading profits just when the group has been trying to reduce its dependence on military orders. Its defence division showed trading profits of £273m in the first half of this year, the group's only source of positive results apart from property and construction. This was despite a fall in military sales, which – excluding Land Rovers and building work – was reduced to 39 per cent of the total compared with 43 per cent a year ago.

The high profits partly reflect the fact that aircraft programmes such as the Tornado and Harrier are now in their late stages. The Gulf conflict brought a windfall, especially for Royal Ordnance, the ammunition and armaments subsidiary. But there was little or no change to the longer-term outlook of declining sales.

The group has become heavily dependent on Britain's arms agreement with Saudi Arabia, in which it acts as prime contractor. This has brought in more than £8bn in revenues since the mid-1980s. The final size of the Saudi deal hangs on how long the Saudis choose to continue with it: on that, there is nothing specified in the agreement.

BAe's home market with the Ministry of Defence has become increasingly less comfortable, with the first effects of post-cold-war cut, increased exposure to competition and strict enforcement of fixed pricing terms on new contracts.

A gap is emerging between the end of Tornado production and the production start-up of the £25bn European Fighter Aircraft. The new fighter to be built in collaboration with Germany, Italy and Spain was to have entered service in 1996. But the date has slipped and it remains unclear whether Germany will continue to participate in the project. In any event, purchases by the four nations will fall well below the original target of 800 aircraft.

All BAe's defence companies – military aircraft, the BAe Dynamics guided-weapons business, and Royal Ordnance – have already been through heavy restructuring. More restructuring is likely at BAe Dynamics, in many ways the weakest of the branches and already pared down to less than half its size in three years. Mr Evans is now seeking a new partner for BAe Dynamics. Since its plan to pool guided weaponry with Thomson CSF of France fell through six months ago, BAe Dynamics has seemed increasingly at risk of being left on the sidelines.

**'The Dick and Dudley show', the investor confidence-boosting campaign, has not had an easy ride**

Equally unsuccessful has been BAe's dalliance with the helicopter business where the only UK player is Westland. Top management has been divided on whether to enter the sector in emulation of other "all-round" aerospace companies like Boeing, McDonnell Douglas and Aerospatiale of France. But its attempt with GEC to secure the contract to oversee the Royal Navy's new anti-submarine helicopter programme ended earlier this month in an embarrassing failure, with the contract going to IBM.

After being highly critical of the European Airbus airliner programme, in which it has a 20 per cent stake, BAe has increasingly counted on the European commercial aircraft venture for the future. Since it was set up 20 years ago, Airbus has captured 30 per cent of the world large airliner market. It has a five-year order backlog. Next week it will roll out its A340 four-engine aircraft, enabling the consortium to take on Boeing in the long-range airline market.

But the growth of Airbus will require more working capital from its four partners – BAe, Aerospatiale, Deutsche Aerospace and Casa of Spain – to support the substantial increase in aircraft production rate. Although Airbus made its first operating surplus last year, its profitability is still low.

Airbus is increasingly the core of BAe commercial aircraft activities. Its other operations in the regional and commuter airline sector are under intense pressure and their losses wiped out in the first half the profits BAe earned from Airbus, where it supplies the wings for all aircraft.

Mr Evans has already made it clear that BAe could no longer continue to manufacture its own family of regional aircraft. The company is now trying to forge a broad alliance with other regional aircraft manufacturers. The market is too small to sustain several competing regional jet programmes. This competition, involving the companies collaborating in Airbus, also risks undermining the consensus within Airbus.

BAe's controversial takeover of Rover in 1988 also increased the group's burden of capital expenditure and spending on product development. While it has added to the group's asset base and turnover, it has done little to improve earnings. After trading profitably in 1989 and 1990 Rover has collapsed into loss this year in the face of the deep recession in the UK new car market; it has run up a trading loss of £45m in the first half of 1991 compared with a £33m profit in the same period a year ago.

This slide has underlined the dangerous over-dependence of Rover's car-making operations on the UK market. One of the group's strategic priorities has thus been to reduce this dependence by raising its exports – above all to continental Europe. It is trying to achieve such a transformation in its customer base, however, when competition in the western European car market has never been so fierce, with the leading Japanese car makers also trying to expand their European dealer networks.

In many ways the key to Rover's development lies in its relationship with Honda, Japan's third-largest car maker, which now holds a 20 per cent equity stake in the Rover vehicle operations. The relationship has allowed Rover to share the cost of some new product development and enabled it to adapt its engineering to Japanese levels.

The link once offered Honda a cheap route into Europe, but as its own worldwide and European operations grow, there may be a question-mark over the rationale for its Rover connection. Much will depend on Rover's ability to bring the productivity and quality levels of its UK operations closer to Japanese standards.

BAe is very keen to nurture the relationship. "One of the key elements in the revitalisation of the Rover Group has been the increasingly close collaboration with Honda," admits the rights issue prospectus.

When the Rover takeover was first mooted by BAe, there was much talk of the synergies to be gained from merging car and aircraft operations. Such motivations have long since melted away. Experiences elsewhere are mixed as General Motors and Daimler-Benz push on with their aerospace-automotive operations, but Ford and Chrysler divest the aerospace interests to concentrate on core operations.

The fourth pillar of BAe's recent diversification strategy has been its expansion into property and construction through its acquisitions of Arlington Securities and Ballast Nedam. The company saw opportunities of hefty property development gains from the sale of closed industrial sites which would in turn help finance the groups restructuring.

This has now backfired with the sharp drop in property values. In the long term, these values could recover; but in the meantime the company has had to turn to its shareholders for cash for the first time since privatisation in the early 1980s.

BAe has come a long way in the past 10 years. But it has yet to project a clear idea of where it is going. Its only comfort is perhaps that most other international aerospace companies are in a similar dilemma.

Six months ago, a senior executive of the French Aerospatiale group – BAe's historical partner and rival – asked rather peevishly why BAe's share price continued to defy the laws of gravity by trading at an unusually high level for an aerospace group. The past few weeks have brought BAe back to earth.

# OBSERVER

## Magisterial movements

■ A flurry of change at the top of Britain's judiciary; three of the ten Law Lords are hanging up their wigs. Lord Bridge is going because he will reach the compulsory retirement age of 75 during the coming legal year. Lord Oliver, 70, and Lord Brandon, 71, for reasons best known to themselves.

Their replacements are Sir Nicolas Browne-Wilkinson, the present Vice-Chancellor and head of the Chancery Division, Lord Justice Mustill and Sir Gordon Slynn, Britain's judge at the European Court of Justice in Luxembourg.

These look interesting and shrewd choices. Sir Nicolas, generally regarded as one of the finest legal minds of his generation, had been tipped to succeed Lord Donaldson as Master of the Rolls. Aged 61, he still might. There is a precedent – Lord Denning came down after five years in the House of Lords to be MR in 1962.

Sir Michael Mustill is one of the most highly regarded commercial judges and Sir Gordon brings welcome and long overdue recognition of the growing importance of European law to British jurisprudence. As for political inclinations, the verdict is that the new boys tip the balance firmly in favour of liberalism.

The two vacancies left in the Court of Appeal by the promotions go to the South African wing of the judiciary. Sir Johan Steyn – a South African QC before coming to the UK in 1973 – and Sir Richard Scott, born and bred there, will be popular appointments within the profession.

## Big handicap

■ Japanese golf courses have always been much more than merely sites for knocking little white balls into holes in the ground. Golf club membership certificates are investment instruments traded on a secondary market, and clubs play to luxury market images.

Some clubs, it seems, have rather overstepped the mark. The Gatsby Golf Club, south of Tokyo, has been found by the Tokyo District Court to have overissued memberships and had its land seized. A group of members complained that getting a round of golf had become impossible; the club allegedly signed up 30,000 members after promising to limit numbers to a select 1,800. Other clubs face similar membership moans.

Much as corrupt positions are now being unravelled in Japan's financial markets, the golf membership market seems set for a shake-up. Certificates were traded on the presumption of scarcity; the great Gatsby scam has shown that the golf courses are as rough-and-tumble as the bourses.

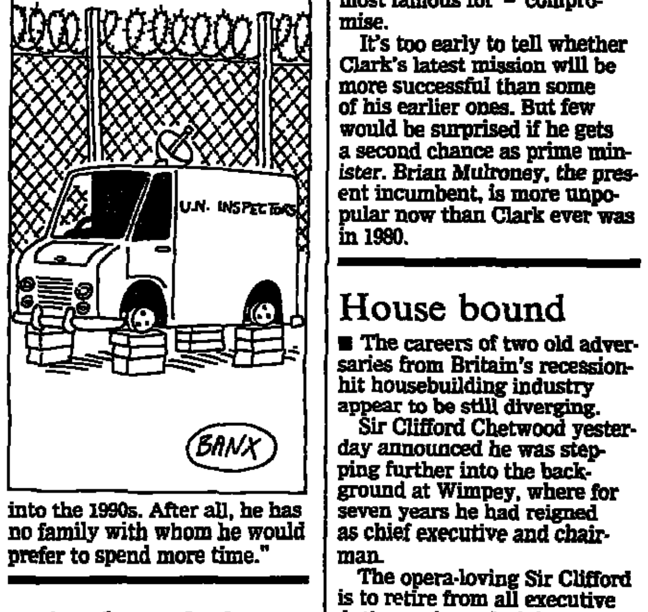
## Street rap

■ London's stock market is buzzing with rumours of a new chief executive for Asda, the Northern-based supermarket group. But Asda watchers yesterday were puzzled to learn the latest name tossed into the ring: Reg Holdsworth.

Not knowing Holdsworth but guessing he could be good news, a London securities house salesman quickly got onto his institutional clients, hoping to persuade them to buy Asda shares.

Unfortunately Holdsworth turns out to be the manager of Betta Buys, the supermarket in Granada television's long-running soap opera, *Coronation Street*.

Reg was unavailable for comment: on his behalf Granada said he would "be happy to sail the Asda juggernaut into the 1990s. After all, he has no family with whom he would prefer to spend more time."




## Who knocks?

■ Who remembers Joe Clark, the jowly, soft-spoken Albertan who was set fair for permanent oblivion in 1980, following his resounding election defeat after just eight months as Canada's prime minister?

Clark sadly developed an image as a political lightweight; he gained the soubriquet Joe Who? Some Canadians with long memories still squirm when they recall his ill-fated swing through the Middle East and Asia. His luggage was lost, and TV cameras filmed him in a neat blue suit in a remote Indian village, picking his way through cow dung.

But Clark, 52, has bounced back. Appointed minister of constitutional affairs last April, he has emerged as the man most likely to keep Canada in one piece.

Travelling nationwide, he has listened patiently to the pleas of innumerable special interest groups, from hot-headed Quebec nationalists to red-neck Saskatchewan farmers. His constitutional reform package now asks all Canadians to do what they are most famous for – compromise.

It's too early to tell whether Clark's latest mission will be more successful than some of his earlier ones. But few would be surprised if he gets a second chance as prime minister. Brian Mulroney, the present incumbent, is more unpopular now than Clark ever was in 1980.

## House bound

■ The careers of two old adversaries from Britain's recession-hit housebuilding industry appear to be still diverging.

Sir Clifford Chetwood yesterday announced he was stepping further into the background at Wimpey, where for seven years he had reigned as chief executive and chairman.

The opera-loving Sir Clifford is to retire from all executive duties at the end of this year. He will remain as non-executive chairman of Wimpey.

On the other hand, Sir Lawrie Barratt yesterday came out of retirement, meeting the press for the first time since the end of July, when he resumed chairmanship of the group he founded in 1958.

The occasion for his comeback was inauspicious; he presided over publication of Barratt's full year results which showed a pre-tax loss of £105.9m for the 12 months to the end of June – Barratt's first ever loss.

## Drifting by

■ Yesterday's opening of the Guinness trial at Southwark Crown court in London was accompanied by some hot air. Early arrivals were spurred on by the sight of a nearby balloon fair. The star attraction, visible from some distance, was none other than the Guinness balloon.

# Bloody battle in the boardroom

**Robert Peston, Paul Betts** and **Roland Rudd** on events leading to the ousting of Sir Roland Smith

Sir Graham Day, BAe's new interim chairman, revealed a mastery of understatement just before midnight on Wednesday.

"It was an interesting day," he said. "It was difficult." He was speaking at the end of a boardroom battle which had led to the ousting of Professor Sir Roland Smith from the chair of Britain's biggest exporting company.

It had been a bloody fight, conducted as much in the press as in BAe's office block overlooking London's Charing Cross Station. By mid-afternoon, Sir Roland had agreed to resign, to be replaced temporarily by Sir Graham, chairman of BAe's automotive subsidiary, Rover.

The press was alerted to expect an announcement at 6pm. But negotiations on the terms of the departure dragged on. At 11pm, red-eyed BAe directors emerged from their meeting. Sir Roland confirmed that he was going "to end damaging speculation about the future of the company".

What he meant was that he hoped his departure would put an end to the rumours about splits in BAe's boardroom and put a floor under BAe's share price, which had been tumbling for the past three weeks since the company's plan to raise £432m from a rights issue was made public in the FT.

BAe's merchant bank, Kleinwort Benson, and its broker, Hoare Govett, were angry that the rights issue plans had leaked. They knew that BAe had become strapped for cash and needed the rights funds. But would they be able to persuade fund managers to underwrite the issue?

Worse was to come. Sunday newspapers two weeks ago repeated the rights issue story and said that stockbrokers were forecasting that BAe would make healthy pre-tax profits of £300m this year.

"That was most unfortunate," commented one of BAe's City advisers. In the previous few weeks, the company had been working on its own profit forecasts. Far from being on course to make £300m, BAe's new budgets showed the figure was likely to be half that.

Kleinwort and Hoare told BAe that it was obliged under Stock Exchange rules to make a profits warning on Monday morning – if it did not, there would be a false market in the shares. Another BAe adviser put it less charitably: "They believed it would be impossible to complete the sub-underwriting of the rights issue unless the market knew the true state of BAe's operations."

Boardroom battle: from left, Sir Roland Smith, Sir Graham Day and Dick Evans

After BAe made the profits warning, shareholders were furious. They felt they had been misled about the company's prospects in the preceding months. But few of them used the reversal of BAe's fortunes to call for Sir Roland's departure. If BAe's profits were falling and if BAe had been slow to respond to downturns in its markets, that was the responsibility of its executives, notably Mr Dick Evans, the chief executive, and Mr Dudley Eustace, the finance director.

However, Mr Evans was regarded, both inside and outside the company, as invaluable. In the secretive world of defence sales, his relationship with Saudi purchasers was thought irreplaceable.

If Sir Roland's resignation was not the result of shareholder pressure, why did he go? In fact, it was the culmination of a campaign by BAe's non-executive directors, led by Sir James Blyth, the chief executive of Boots, and Mr Ronnie Hampel, a director of ICI, who was named yesterday as ICI's first ever chief operating officer. "None of us are patsies," commented a non-executive yesterday, when asked if the non-executives took the initiative. They had become concerned that Sir Roland's management style was no longer appropriate to BAe, as it tried to cope with the recession. Though his background is as an academic writer on management issues, Sir Roland's love is secret dealmaking.

This was typified in 1988, when BAe bought Rover, the car manufacturer, from the government. The Rover deal was known in advance to only five people in BAe, Rover and the Department of Trade and Industry.

Far more damage was done to his relationship with the board by a daring attempt to merge BAe with Trafalgar House, the construction and shipping group. Once again, BAe's senior managers were not informed in advance by their chairman of his plans.

Last April, Sir Roland approached Sir Nigel Broackes, chairman of Trafalgar House, the construction, property and shipping conglomerate, with a proposal to merge with BAe. Sir Roland argued that there was an obvious synergy between the two businesses – particularly in property. BAe and Trafalgar House have a joint venture developing the Brooklands business park.

Sir Nigel was sceptical about the merits of such a deal but had further conversations with Sir Roland over the following five weeks.

In May, after Trafalgar reported a fall in pre-tax profits from £116.9m to £51.5m for the six months to March, Sir Roland was back on the telephone to Sir Nigel. What had caught Sir Roland's eye was Trafalgar House's property results – down from £54.9m to £19m. Sir Roland argued there was no sign of a revival in the property market. A merger with BAe, he argued, could shelter Trafalgar from a further property downturn.

Sir Nigel made it clear that Sir Roland would have to come up with more details on how the merger would work before he was willing to put it to the board. When the proposals were eventually put to Trafalgar's board, its members reacted with incredulity, according to a director who was present at the meeting.

Sir Roland wanted to create a company which would incorporate the two conglomerates, though Trafalgar's ships and hotels would be sold. He would continue to chair the new group, with Sir Nigel as deputy. But there were no further details on who would run the divisions. What particularly irritated Trafalgar's board was that Sir Roland failed to define a role for Sir Eric Parker, Trafalgar's chief executive.

Nor was there to be any premium for Trafalgar's shareholders. As one board member put it: "Sir Roland wanted us to agree to sell our company for the market price."

It was then that other board members demanded whether Sir Roland had put the proposals to his own board. The answer was no.

For all their unhappiness with Sir Roland's style of corporate governance, a group of BAe's disgruntled directors believed it was more sensible for Sir Roland to go after a rights issue than before it.

However, events overtook them. "It became obvious two weeks ago that the board was against him," commented one of Sir Roland's friends. He turned for advice to Mr Brian Basham, the public relations adviser who had assisted his fight against Lonrho, the international trading group, when he was chief executive of House of Fraser.

BAe's board had to put a stop to the reports that rumours that appeared in last week's Sunday papers of an imminent attempt by BAe directors to oust Sir Roland – or the rights issue would flop, leaving the shares in the hands of underwriters. If that happened, the share price could remain under pressure for months if not years.

The board faced two courses of action. It could reaffirm its support for Sir Roland or it could act quickly and replace him before the rights issue closed. By Tuesday its directors had unanimously decided to ask for his resignation. They also unanimously backed Mr Evans and Mr Eustace to lead the company out of its current turbulence.

Sir Graham was asked to take the chair because both Sir James Blyth and Hampel were actively engaged in their other jobs. But Sir Graham's tenure is temporary; there is speculation that Sir James could eventually take over.

As for the rights issue, the reason for Sir Roland's immediate sacrifice, there is no certainty it will succeed. As City adviser said yesterday: "I have given up making predictions about this company."

## Joe Rogaly

# Dialectical politics

Here is a funny thought. Imagine that all you knew about the Labour party was what it put in Wednesday night's political telecast, while your entire stock of information about the Tories was derived from last week's Tory commercial. There would be no question about it. You would have to vote Labour.

The Conservative effort was all filmic images conveying subliminal messages. To the untutored brain, one is presumably that the prime minister must have had a relationship with that woman or she would not have been photographed giving birth in honour of voting for him and he would not have been kept hidden from the cameras for most of the show. Beyond that it was totally mystifying.

The Labour broadcast showed an actual person, Mr Neil Kinnock. He seemed very nice when made up. He spoke about political values. To the viewer who knew nothing else of domestic politics but these pieces of film, he must come out as the more intelligent and honest of the contenders.

More information is, however, forthcoming. Next week the television companies will provide full coverage of the Labour conference. The following week it will be the Tories' turn. These affairs are conducted in rare dialects, without benefit of simultaneous interpretation into English. I therefore offer a plain voters' guide to the tribal linguistics of British politics.

First, Labourese:

Mr Kinnock says that he believes in a fixed-term parliament. Such a system "takes elections out of the manipulative hands of ministers, any ministers, and puts the power of election fully where it should be, in the hands of the people".

Translation: *If by some bloody miracle we get in I'll use every trick in the book to make sure they never get us out again.*

"I believe people pay enough taxes."

– *We'll raise them as high as we dare.*

"Our policy review and the changes which we have made in our party have shown – and are showing – that we are in touch with the values of the British people and that we will govern with common sense and common decency."

– *If we didn't scare them with bogus allegations about non-existent Tory plans to privatise the National Health Service we wouldn't stand a chance.*

"The great task which will face a new Labour government is the modernisation of Britain."

– *They fell for Harold Wilson's 'white heat of the technological revolution' in 1964. Perhaps they'll fall for it again.*

"Our objectives are clear: to build a world-class economy by creating the conditions in which business can succeed."

– *We've stolen Michael Heseltine's book about partnership with industry.*

**In the telecasts, Mr Kinnock came out as the more honest of the contenders**

"...new pathways out of poverty and establishing decent pensions; building and improving public and private sector housing; combating crime; investing in a cleaner environment; and developing a health service that truly meets modern needs."

– *There'll have to be payoffs to pensioners if they vote for us and to the public sector unions if they keep quiet during the campaign.*

"The old ideologies – command economy at one extreme, crude free market economics at the other – do not work. If individuals are to flourish and society to thrive in freedom, people need the means to develop their potential; economies need the vitality of competition that is both fair and efficient. That is the essence of modern democratic socialism."

– *And old-fashioned conservatism.*

* * *

This is a balanced column. When I contemplate the Labour and Conservative parties my chief dread is that one of them might win. So here is some Tory-speak, as developed by Mr John Major, from a script by the party chairman, Mr Christopher Patten:

"I'll announce the date of the election when I am ready. Meanwhile, there is much work to do."

– *If by some bloody miracle we get in for a fourth time I'll use every trick in the book to make sure they never get us out again.*

"We know from eastern Europe that there is an intimate connection between political liberty and economic freedom. Regulated, socialised economies trample on human dignity, despoil the natural environment and depress economic performance."

– *Kinnock is a neo-communist.*

"If the increase in a government's spending outstrips the increase in the country's income, the result is a bigger tax burden, a heavier debt burden – or both."

– *As I know from my own performance as chancellor and prime minister.*

"This must be the decade in which we raise the standard of all our public services, up to and beyond the best we see today. That is what the Citizen's Charter will aim to do."

– *As long as it doesn't cost anything.*

"We have to contribute to a cleaner world by preventing the pollution of our own water and air. Environmental quality will be a watchword for the 1990s."

– *I'm going to capture the green vote.*

"..............."

– *I'm not going to say anything that might lose the motorist's vote.*

"With the election, so many pundits say, some way off, I naturally cannot offer a taster of our manifesto. (Mr Patten, last night).

– *Here is a taster of our manifesto.*

"Our task in the next decade is to build on what was achieved in the last. I do not mean 'consolidation', a word that has been taken to mean standing pat, or dragging one's feet. I want to see us moving forward, drawing on the lessons of the 1980s, developing what has been successful, responding sensibly to new challenges within a framework of policies already in place." (Mr Patten)

– *We got rid of her. What else is new?*

# *LETTERS*

## Case for poll tax rebates and no benefit clawback

*From Ms Fran Bennett.*

Sir, Your leader ("Chasing buttons", September 25) makes a strong case for the 20 per cent minimum contribution to the poll tax for those on low incomes. There are, however, additional arguments for this course of action to those you rightly put forward.

Yes, the principle has been conceded by the government, in its recommendation of 100 per cent rebates under the new council tax. Yes, it would make "business sense", in the words of the Conservative leader of the Association of County Councils, because of the disproportionate costs of collection.

But abolition of the 20 per cent liability – without a clawback of the compensation given in benefits - would also restore lost income to many benefit claimants. On CPAG's calculations, the compensation did not fully make up for a reduction in benefit levels from 1988 compared with the government's original plans. Many claimants, faced with higher than average poll tax bills, have found the compensation insufficient in the past. Lower poll tax bills this year are offset by increased VAT payments.

There is now, therefore, an overwhelming case for introducing 100 per cent poll tax rebates as soon as possible, without the "politically unacceptable" benefit clawback (in your leader's words). The Treasury must be persuaded to see sense.

Fran Bennett,
*director,*
*Child Poverty Action Group,*
*4th Floor, 1-5 Bath Street,*
*London EC1V 9PY*

## Remote investment decisions may threaten Aberdeen's port

*From Mr Barclay Braithwaite.*

Sir, In response to Richard Tomkins's report, "Bid armada threatens ports" (September 24), it should be noted that Aberdeen has operated extremely successfully as a trust port and it continues to do so.

Its entrepreneurial approach over the years has resulted in an increase in cargo tonnage handled from 2.3m tonnes in 1980 to 4m tonnes in 1990.

It is also worth remembering that trust status allows the harbour to reinvest all profit into upgrading and developing new facilities for the benefit of all its users, thus maintaining a high standard of service into the future.

Aberdeen Harbour has carefully considered all the implications of privatisation and can see no benefits for the port, which already operates to the stringent business principles dictated by successful private industry.

Unlike some ports with large unused areas, all of Aberdeen Harbour's land is fully utilised. Richard Tomkins's analysis of possible predatory consortiums confirms Aberdeen's disquiet that remote investment decisions are likely to disregard the local economy's reliance on the port.

From the beginning, Aberdeen has said that the merits of privatisation must be judged according to the individual circumstances of each port. This echoes the government's stated view which is demonstrated by the basically enabling nature of the Ports Act.

Barclay Braithwaite,
*general manager,*
*Aberdeen Harbour Board,*
*Harbour Office,*
*16 Regent Quay,*
*Aberdeen AB9 1SS*

## Step towards a peace conference

*From Mr Martin P Hughes.*

Sir, Your leader, "Palestine and the UN" (September 25), may be right to assert that the UN resolution equating Zionism with racism is redundant.

May I suggest that the international community should direct its attention to UN resolution 681 (December 20 1990), which is more practical and relevant to the current situation. This specifically envisages a meeting of "high contracting parties" to the Fourth Geneva Convention to discuss ways in which they might ensure Israeli respect for the provisions of that convention.

Following the general tenor of your leader, it would seem logical and timely that ways are investigated to offer a degree of protection to civilians in the illegally occupied West Bank and Gaza. This would be precisely the step which would create a more stable climate for negotiations and the convening of the long-awaited peace conference.

Martin P Hughes,
*14 Alexandra Road,*
*St Albans, Herts AL1 3AZ*

## Opportunity to decide single site for European Parliament missed

*From Mr Bryan Cassidy, MEP.*

Sir, Amid the controversy caused by the proposals to increase the powers of the European Parliament ("Accord unlikely on Dutch political union plan", September 25), a major issue has been overlooked by the Dutch government.

The nomadic life of the European Parliament – committees in Brussels, staff in Luxembourg, plenaries in Strasbourg – hinders its effectiveness. A decision about a permanent home for the European Parliament is long overdue. But it is not for the parliament itself to decide. The council has the responsibility.

One result of the inefficiency inherent in having no fixed abode is the high level of absenteeism, especially among Italian and French MEPs. (One would have thought the latter would find it very easy to get to Strasbourg.)

In turn, this weakens the parliament's ability to influence the shape of legislation because only rarely are more than 300 out of 518 MEPs present for votes under the Single European Act (260 are required).

It seems a missed opportunity that the Dutch did not propose a permanent home for the European Parliament.

Bryan Cassidy, MEP,
*(Dorset East and Hampshire West),*
*Bureau 827,*
*Van Maerlant,*
*European Parliament,*
*97-113 Rue Belliard,*
*1040 Brussels*

## NUM has no great influence on power generation

*From Mr Norman West, MEP.*

Sir, Your lead editorial, "Competition in gas" (September 20) contained the unqualified assertion that the National Union of Mineworkers exerts monopoly power on UK power generation. A monopoly which justifies the government's encouragement of coal imports.

It has clearly been forgotten that:

- Almost 30 per cent of UK electricity is generated by fuels other than UK coal (including the heavily subsidised nuclear proportion);
- A fifth of British coal is produced by the open-cast sector where employees are largely represented by the Transport and General Workers' Union
- Of the UK deep-mine coal produced, around a third comes from Midlands collieries which are not organised by the NUM.

Presently, less than half of the UK's electricity needs are met by NUM-controlled pits.

The reason for increased coal imports has nothing to do with breaking up the NUM's imaginary monopoly but everything to do with the generators' desire further to boost profits.

Since 1985, 110 pits and more than 130,000 mining jobs have been lost in the UK coalfields. Yet, despite an increase in the industry's productivity of almost 100 per cent in that period, more job losses seem inevitable.

Misleading statements of the type mentioned serve only further to undermine the bleak prospects facing those whose livelihoods still depend on the UK coal industry.

Norman West, MEP,
*Yorkshire South constituency,*
*Barnsley*

■ The letter from Mr Peter J Jones (September 23) should have referred to "justified", and not "unjustified", historical criticism of British Gas.

**Fax service**

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

FINANCIAL TIMES
Friday September 27 1991



Rift among cartel members over commitment to reduce oil production by next year

# Saudi Arabia threatens to leave Opec

**By Deborah Hargreaves in Geneva**

A SERIOUS RIFT emerged in the ranks of the Organisation of Petroleum Exporting Countries meeting this week in Geneva when Saudi Arabia, the world's biggest oil exporter, threatened to leave the cartel.

The threat from Mr Hisham Nazer, the Saudi oil minister, came after hours of being pressed by other members of the coalition to commit his country to cut its oil production by next year.

Opec abandoned its historic system for sharing out production at the outset of the Gulf conflict last year when Kuwaiti and Iraqi oil was cut from the market.

Saudi Arabia's ability to boost output from its quota of 5.4m barrels a day (b/d) to more than 8m b/d kept prices from soaring above $40 a barrel. However, now that Iraq and Kuwait are beginning to return to the market, many Opec ministers want a commitment from Saudi Arabia that it will cut output again.

Mr Nazer was emphatic that the kingdom would produce 8.5m b/d for the final three months of the year and was not willing to discuss further than that. Mr Gholamreza Aqazadeh, Iran's oil minister, said: "I am not satisfied at the way Saudi Arabia behaved at this conference. Saudi Arabia did not co-operate with the others."

Mr Aqazadeh's comments threaten the fragile alliance between Saudi Arabia and Iran which has steered Opec policy since the Gulf war. Opec has pursued the kingdom's goal of achieving a stable oil price by keeping output flexible.

Saudi Arabia says it will remain flexible when it comes to making cuts next year but, privately, officials stress it has no desire to cut much beyond 8m b/d. The kingdom wants production levels to be based much more closely on capacity rather than historic quotas.

As the coalition's most powerful partner, Saudi Arabia carries a great deal of clout. "Saudi Arabia is like a bodybuilder who says 'feel my muscles', but we don't need to feel them, we can see them," said one Kuwaiti official.

Mr Nordine Ait-Laoussine, Algeria's energy minister, said: "This organisation cannot function by diktat. We are not here for some countries to tell others what to do."

Few ministers seriously expect the kingdom to abandon the fractious producers' coalition, not least because of the sensitive role it has to play in third world politics.

Saudi Arabia is staking its claim to a higher production share when potentially stormy negotiations begin either in November or March. The crunch in the market is expected in April when world oil demand will be showing a seasonal dip and when Iraq and Kuwait could be supplying close to their previous levels.

The Iranian and Algerian ministers fear a price collapse in the second quarter of next year if the organisation fails to agree on production quotas. Opec earlier agreed to raise its production ceiling to 23.65m b/d for the final three months of this year in a compromise which will allow producers to pump oil flat out.

Decisions put off, Page 30

Coalminers seeking economic reforms occupy Victory Square outside government headquarters in Bucharest

# Start of coup feared in Romania

**By Reuter in Bucharest and Judy Dempsey, East Europe Correspondent, in Zagreb**

ROMANIA'S prime minister, Mr Petre Roman, last night claimed that a communist coup had been set in motion. He pledged to stay on in power until order was restored, reversing an earlier decision to resign.

Mr Roman's allegations came hours after a large crowd of coalminers and other demonstrators had ransacked the parliamentary building in Bucharest.

"What we have seen was a movement which turned into a coup d'etat, a kind of communist putsch coming from the bottom," he told TF-1 television channel in a telephone interview.

"For the moment, I have said and repeated that, as long as law and order are not restored, I maintain my duties as prime minister and my ministers maintain theirs within this existing government."

Miners and Bucharest residents had entered the 19th century building overlooking the city and smashed furniture, throwing it into the grounds where other protesters called on President Ion Iliescu to quit.

Parliament was in session discussing the miners' riots on Wednesday, in which four people died, when it was besieged and stoned by protesters.

Miners' representatives told members of parliament that they were unable to control their colleagues, many of whom would not leave until President Iliescu resigned.

Mr Miron Cosma, leader of the thousands of miners who hijacked trains to Bucharest from the Jiu Valley in western Romania on Wednesday, told the men that their demands had been met and they should go home. However, it appeared his request was being ignored.

The miners were demanding better social and working conditions, as well as the resignation of the government, whose economic reforms, they said, were responsible for the fall in living standards.

The miners, joined by residents, yesterday roamed the streets, waving clubs and national flags in a mood mixing jubilance and aggression. The atmosphere was akin to that prevailing during Romania's bloody December 1989 revolution.

Thousands of demonstrators, including miners, later besieged the television station in northern Bucharest where they clashed with troops, eyewitnesses said. Demonstrators bombarded the station, scene of fierce fighting during the 1989 revolution, with petrol bombs.

In a statement, the Front called on the army and Interior Ministry to restore order, urged President Iliescu to summon the country's Supreme Defence Council and appealed to Romanians to stay home.

Mr Iliescu met miners' leaders earlier in the day, in what was seen as an attempt to distance himself from Mr Roman's economic reforms.

The president announced he had started talks on the creation of a new government of national unity.

However the demonstrators outside parliament appeared to be in no mood for compromise. They demanded his resignation, with shouts of "Down with Iliescu."

Western diplomats speculated that Romania's attempts to introduce economic and political reforms might now be superseded by an authoritarian government or a state of emergency.

Whatever government was eventually sworn in, they said, Romania was heading towards a period of political instability.

"No government will be able to introduce reforms," one diplomat said. "Reforms mean a period of hardship for the less well-off. No government will take that risk."

# Doubts cast over US economic recovery

**By Michael Prowse in Washington**

FRESH DOUBT was cast yesterday on White House claims that the US economy is steadily recovering from recession. Revised figures showed a larger-than-expected decline in gross national product in the second quarter.

The Commerce Department said GNP fell at an annual rate of 0.5 per cent between April and June. A previous estimate indicated a decline of only 0.1 per cent. The fall marks the third successive quarterly drop in US GNP since the beginning of the recession in July last year.

GNP declined at an annual rate of 2.8 per cent in the first quarter and at 1.6 per cent in the final three months of last year.

Mr Alan Greenspan, Federal Reserve chairman, is due to discuss the economic outlook with administration officials today. The White House is expected to press hard for further cuts in interest rates.

The administration's public position is that a sluggish recovery began in May or June. On Wall Street, however, sentiment has become noticeably more bearish in recent weeks, prompting sharp increases in bond prices in anticipation of interest rate cuts.

Separate figures yesterday showed a sharper-than-expected increase in initial claims for unemployment insurance - a sign of weakness in labour markets.

Reports earlier this week showed a further fall in consumer confidence in August and a decline in durable goods orders.

The revised GNP figures show consumer spending and business investment growing at annual rates of 2.5 per cent and 1.4 per cent respectively in the second quarter.

The overall fall GNP reflects the third successive quarter of substantial inventory liquidation by companies and a negative contribution from trade.

The figures confirm that inflation is moderating. The GNP price index rose 3.1 per cent compared with 5.2 per cent in the first quarter.

The improving inflation outlook is seen as strengthening White House arguments for a more stimulatory monetary policy.

# Japanese finance minister to resign over scandals

Continued from Page 1

prime minister. The fact that the affairs happened on his beat is considered in Tokyo as largely bad luck. But Mr Hashimoto has been criticised for his handling of the matter and for waiting too long before deciding to resign. Mr Hashimoto has still not confirmed his decision in public.

LDP members expect that after a decent interval Mr Hashimoto will once again be in the running for high office.

Meanwhile, the finance ministry has confirmed that, in addition to compensating clients who suffered losses, stockbrokers paid "compensation" to those who did not.

This raises the suspicion that these accounts may have been covered by promises of guaranteed profits. Such guarantees are illegal. The ministry is investigating whether such agreements existed, but has found no evidence.

The ministry disclosed that 12 brokers paid out Y9.97bn ($75m) compensation to no-loss clients in 1987-90, including Y4.9bn paid by Nomura Securities, the largest company. The beneficiaries included the Mutual Aid Association of Public School Teachers and the Police Personnel Mutual Aid Association.

# Palestinian leaders defy Israeli ban on contacts with PLO

**By Lamis Andoni in Algiers and Hugh Carnegy in Jerusalem**

TWO Palestinian leaders from the Israeli-occupied territories yesterday defied an Israeli ban and attended a meeting in Algiers of the Palestinian parliament-in-exile.

Mr Faisal Husseini and Mrs Hanan Ashrawi urged the Palestine National Council to go along with a US-sponsored Middle East peace conference. They addressed the council behind closed doors before leaving for the US, according to Palestine Liberation Organisation officials.

Israel said it would take action against the Palestinian leaders under its anti-terrorist laws, which forbid contact with the PLO, if it were shown that the two had indeed taken part in the meeting.

Mr James Baker, the US secretary of state, has on several occasions met Mr Husseini and Mrs Ashrawi in an attempt to convene an October peace conference.

An Israeli decision to arrest them would probably make Mr Baker's task much more difficult at a time when he is considering embarking on another trip to the Middle East. Such a trip would be his eighth since the Gulf war.

In a statement, the Israeli Defence Ministry said: "Measures will be taken against them as dictated by the law. Participation in the PNC discussions constitutes taking part in a terrorist organisation which only recently tried to send murder squads into Israel."

In an effort to protect Mr Husseini and Mrs Ashrawi, the organisation issued a public denial that they were in Algiers for the meeting.

In Jerusalem, senior Israeli officials strongly denied suggestions that the government had made an agreement in advance with the US that it would turn a blind eye to the visit of the two to Algiers during the council meeting.

Contact with the PLO is against Israeli law and normally invites a jail sentence. Mr Eliyahu Ben-Elissar, chairman of the foreign affairs and defence committee of the Knesset (parliament), said he would recommend barring Mr Husseini and Mrs Ashrawi from returning home if reports of their visit to Algeria proved correct.

PLO officials in Algiers indicated that the organisation's leadership was prepared to allow Palestinians to attend the peace conference in a joint delegation with Jordan, provided the US gave assurances that Palestinian demands would be addressed.

Palestinian radicals have mounted a vigorous rearguard action against making any compromises.

However, moderates, anxious not be left out of the peace process, are inclined to submit to an Israeli insistence that no Palestinian delegates should be PLO members or residents of east Jerusalem.

The rooms of the beach resort where the PNC is meeting have been echoing to the sounds of arguments between hardliners and pragmatists.

The PNC is expected to approve a resolution allowing Mr Yassir Arafat, the PLO chairman, and his colleagues to make the final decision.

THE LEX COLUMN

# Poor visibility for BAe

Now that the dust has briefly settled around the inert form of British Aerospace, the question for shareholders is whether they should stump up for the rights issue in a month's time. Leaving aside the lack of a permanent chairman, putting a value on BAe is by now exceptionally difficult. The shares can scarcely be assessed on an earnings basis, since the company will make huge losses this year after provisions. Asset value, whether of plant or property, is hardly a more reliable guide.

The group's defenders argue that it still stands to make large sums from the next phase of the Saudi contract; that someone has to make money some day out of civil aircraft construction; that the property assets must have value in the long run; and that Rover could swing massively into profit as the UK car market moves out of recession.

For the long-term investor, the fundamental objection to that has to do with management. BAe correctly foresaw in the mid-1980s that defence contracting could not be money for old rope indefinitely. Too much of its response was to buy clapped-out industrial plant for its land value, thus substituting speculation for industrial strategy. Given the structural incoherence which has resulted, it is difficult to see why a long-term fund would want a stake in the group at all.

## Hillsdown Holdings

In a supposedly stable business such as food manufacturing, any rights issue takes special pleading. Hillsdown's erratic record makes the job harder again. The ostensible purpose of yesterday's £280m rights issue is to strengthen the balance sheet as a prelude to small and medium-sized acquisitions. The problem is that the group's acquisition record, though excellent in the early 1980s, has been a lot more patchy since.

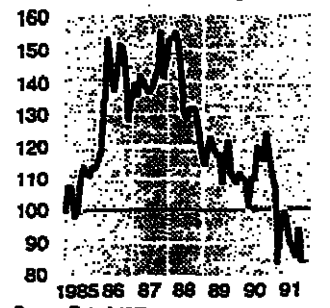
It looks suspiciously as if shareholders are being asked to pay for the warehousing of unproductive assets such as furniture and property which are due for eventual disposal. The group can point to its recent interim figures as evidence that the strength of its cash flow is reducing debt as planned. But the true operating cash flow is probably less than the bald figures suggest.

The timing has upset a brief period of stability for Hillsdown shares. Investors doubtless remember the bear raids

**FT-SE Index: 2,595.5 (-2.2)**

**Hillsdown**

Share price relative to the FT-A Food Manufacturing Index





Source: Datastream

in January and the poor performance of the shares since 1987. The admission that real earnings growth is now unlikely to resume until 1993 means there will have been a five-year hiatus, long enough to suggest the company has lost its way. Yesterday's 10 per cent fall in the share price was justified, but may not mark the end of the episode.

## Vickers

At least Vickers is not launching a rights issue. There is otherwise little consolation for investors who watched its value drop by more than 10 per cent yesterday on news of a yet more awful first half from Rolls-Royce cars. The market is now clearly worried that the final dividend will be cut. But if the shares are unattractive to yield funds, the question is whether they are attractive to buyers interested in recovery potential.

At one level the problems of Rolls-Royce are purely cyclical. It has maintained its share of the luxury market. In theory, aggressive cost-cutting should bring rapid earnings recovery once volume revives. But it is hard to see where demand is lurking. Japanese turnover has suddenly slumped in response to financial scandals. The US luxury tax and UK political uncertainty will dilute the benefits of economic upturn in those markets.

It is thus moot whether Rolls-Royce will contribute much, if anything, to 1992 profits. Its vulnerability to the cycle makes an absurdity of Sir Ron Brierley's demerger suggestion last year. The question is rather whether it needs a parent with broader shoulders. The rest of Vickers is performing quite well, but thanks to Rolls-Royce the group may be lucky to break even at the pre-tax level this year. At 189p, the shares are on a historic multiple of just over 6. Given that it may be 1993 before real recovery sets in, that does not necessarily make them cheap.

## Redland

Redland has been no better than its peers at bucking the dreadful trend in UK building materials. The group's financial strength and its successful German roofing business, though, again made for a rather less gloomy first half story than those from the domestic competition. A 27 per cent drop in pre-tax profits was roughly what the market had been expecting, even if the 44 per cent drop in earnings per share - the effect of unrelieved ACT - is a more startling figure.

The case for buying the shares - up 5p to 553p after the results - rests to some extent on geographical spread. With the UK's brick and rooftile markets likely to languish through most of 1992, any upturn in the US and Australia, with further progress in Germany, should add a further 10-15 per cent to the £180m-£190m which now looks likely for this year. Fears that Germany will run out of steam are probably overdone in view of successes in the east. Believing in the US bounce, though, remains an act of faith.

Redland's premium rating - best exemplified by a 6 per cent yield - is certainly justified. Its heavy capital investment of the past three years should ultimately reap handsome rewards. The trouble is that the whole sector still seems overvalued.

## ICI

The elevation of Mr Ronnie Hampel to chief operating officer of Imperial Chemical Industries represents a real shift in the UK tradition of corporate governance. For over half a century, ICI's chairman and chief executive has enjoyed the lonely eminence of a pope among cardinals. The wholly sensible decision to share the burden looks like yet another of the advantages conferred by Lord Hanson's selfless presence on the share register.

The appointment also puts in question the democratic ICI tradition of appointing the chairman by the formal vote of fellow directors. Mr Hampel is due to retire shortly before the present chairman. Assuming the new structure survives, his successor will surely be seen as heir apparent.



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Temperatures at midday yesterday C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

# RECRUITMENT

## JOBS: Swedish researcher advises top managers to concentrate on the politics of survival

# The real skills of big-company leadership

SOONER or later when reading books on management, the Jobs column is almost always reminded of moving home to the country at seven years old. My expectations of the move were high, thanks to the picture books I had been given as a town child.

They depicted rural boys and girls as living the life of Reilly junior. In particular, far from being confined to a backyard, they freely roamed a world full of jolly farmers delighted to let children play with their lambs and calves and such.

What happened when I actually tried it is still too painful to describe. But I suspect it was much like the shock of taking up the real-life work of management after previously just reading about same.

For instance, most articles as well as books on the topic portray the job of managing as consisting essentially of decision-making. They give the impression that once a sufficiently senior executive has carefully reasoned out what to do, it is as good as done.

But that clashes with the things high-rank managers have told me when I have talked to them off-the-record over the late night oil, as opposed to interviewing them for the FT. To judge by their words, making decisions is an enjoyable doddle compared with getting their outfit to take some concerted action tolerably resembling what the boss intended.

Which raises the question why experienced executives bother to read standard-type writings on management. And the only answer I can think of lies in a claim made by one of the few books that depart from the general rule, namely The Boss published in 1958, which I mentioned a fortnight ago.

The claim is that typical bosses are primarily drive by an urge to impose their will on other folk. Hence it may be that they read standard management books rather as older children read adventure tales and romances, to fantasise about themselves as they would really like to be.

If so, and they feel up to having a dose of realism thrown in, they may care to try another exceptional book to be published in paperback next week. Called The Organisation of Hypocrisy*, it is the work of Professor Nils Brunsson of the Stockholm School of Economics who bases his observations on practical consulting work he has done, mainly although far from entirely in Swedish public-sector organisations.

His good news for top executives – or at least those heading big and complex companies – is that it is right and proper for them to devote themselves to decision-making. What may seem bad news to some, however, is that they should not expect anything they decide to be put into force.

The thinking behind his advice starts from the premise that large complicated organisations can no longer guarantee their long-term survival merely by efficiently producing goods and services. The main reason is that, despite the rolling back of direct government intervention, a big group's future importantly depends on the approval of external concerns which, although knowing little or nothing about its business, have certain standards of their own to which they expect it to conform.

For example, no company can be world-class at more than a limited range of things, which fast-changing technology and markets are apt to leave uncompetitive for lengthy periods before the company can turn to successful alternatives. In the interim, it may have to satisfy financial institutions that it is a fitting candidate for support.

But financiers are far from the only outsiders whose approval can be decisive. The others include numerous if not devious pressure-groups such as environmentalists and, east of the Atlantic, the ever ramifying European Community.

Moreover, as some of the external bodies' concerns conflict with each other let alone with efficient production, meeting the demands of the whole lot of them may be simply impossible.

Accordingly, a great deal of high-level political activity is required on the part of large companies' leaders to keep such influential outsiders persuaded that their interests are at least being seriously regarded.

The trouble is that if the top managers are to be good enough at the politics, they are unlikely to be able to maintain a detailed understanding of the processes, products and markets by which their company earns its income. And we all know what happens to bosses who try to control complex things of which they have only superficial knowledge: it is called the "Yes Minister" phenomenon. They end up being controlled by supposed subordinates who possess the close understanding they lack, rubber-stamping the consensus decisions put up to them, if only for fear of the technical mayhem liable to ensue if they don't.

But even if the leaders have the wise humility to concentrate on burnishing the political appearance of the company, and leave its actual operations to those who thoroughly understand them, they still have a dilemma. Unless they are seen to be properly in charge by the outside world, they'll lack the credibility needed to influence the important external interests.

So what can company chiefs do?

Luckily, Nils Brunsson offers pointers. They rest, he says, on four principles: distance, morality, responsibility, and reform.

Distance is best enshrined by repeated declarations that the topmost management concerns itself solely with strategic issues and laying down broad guidelines, without getting involved in day-to-day operations. Such publicly established distance has great advantages for dealing with outside bodies. For example, although they will still expect the leadership to take decisions in line with their concerns, they'll accept that what's decided will be slow to take effect. What's more, being typically busy bodies, in the interim they will probably forget they ever wanted it.

But the corollary of being able to take such politically convenient decisions without hampering the company's efficiency, is that the chiefs really have to be aloof from day-to-day operations. Certainly they may walk around chatting to subordinates, but they must not become involved in what they are doing, and still less in determining their rewards or punishments.

The morality principle dictates that the goals set by the leadership should be on the highest ethical level. Professor Brunsson illustrates the practical benefits by pointing out that a top management which ordains that 85 per cent of products must pass a quality test, will set every department complaining that the target can't be achieved without more resources. If the goal is that all products must be perfect, staff will often find ways to do better than 85 per cent costlessly.

Responsibility requires that, while the company's operational results are outside its leaders' control, they must be as willing to be blamed as to be praised for them. So resignations may sometimes be needed, albeit preferably with the scapegoat's real innocence being recognised by a suitably golden handshake.

The final principle, reform, dictates that chiefs must always look beyond the present to the future, and continually institute reforms visibly intended to improve their company. Even so, such top-down changes should be confined to aspects of its public appearance – its organisation chart, for instance – without being allowed to disturb actual working practices.

The reason, the professor says, is that besides being read as a good omen by outsiders, the idea that improvements are in the offing can be highly motivating to employees. But they tend to have the opposite effect if ever they start happening.

**Michael Dixon**

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Please submit CV & salary requirements immediately to A. Stephen, Manager Int'l. Business Development, LCC Inc. 2300 Clarendon Blvd (800) Arlington, VA 22201, USA. Tel (1) 703 516 7514 Fax (1) 703 516 4000.

## HONORARY TREASURER

I am retiring after several years as Honorary Treasurer of CRUSE (national bereavement and disaster organisation) A replacement is sought.

Contact Sir Sigmund Sternberg.
CRUSE, 126 Sheen Rd..
Richmond, Surrey TW9 1UR.

Appointments Advertising
also appears
on page 2

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A FUTURES AND FOREIGN EXCHANGE BROKER

is looking to recruit account executives and dealers.
Candidates should be educated to university degree standard and have at least two years' experience in either futures dealing or spot FX.
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Detailed CV's should be submitted in writing to:

Jane Wenmoth, CAL Futures Limited, Windsor House,
50 Victoria Street, London SW1H ONW

## APPOINTMENTS WANTED

### GRADUATE SEEKS SUITABLE

Part time or freelance work. Experience in research and transaction of Italian & French journalism including M & A analysis -

Write to Box A1642, Financial Times, One Southwark Bridge, London SE1 9HL.

ACCOUNTANCY COLUMN

# Rules to reveal where profit may mean loss

By Robert Peston

THE LIQUIDITY, financial adaptability and viability of a company are of vital concern to its investors and bankers. Put another way, a key measure of the performance of any company is the amount of cash it generates.

Assessment of any company in this respect, however, is almost impossible using only the information provided in its accounts. Those unschooled in the Alice-in-Wonderland logic of company accounts may find it extraordinary, but there is a world of difference between the profits announced by a company and the cash it generates.

Big quoted companies, such as Polly Peck and Brent Walker, have faced severe financial difficulties only months after their accounts showed they were making record profits. Part of the explanation is that even the most conservatively managed companies show as profit sums of money that have not yet been received in cash.

As long as accounting rules are not abused, in the way that they are by some companies, reported profits are a reliable guide to performance over the longer term. But during a recession, investors and bankers should be more interested in any company's ability to pay its bills – they need to know how much cash it is actually receiving.

The first Financial Reporting Standard issued by the Accounting Standards Board, established earlier this year to overhaul UK accounting standards, should at long last force companies to provide useful cash flow information. Professor David Tweedie, chairman of the ASB, believes that FRS 1, published today, is the most important of all the new standards which will eventually be produced by the body.

A cash flow statement will not need to be produced by all businesses. There is an exemption for small companies as defined by the Companies Act for those satisfying two of the following conditions: they should have sales less than £2m, fewer than 50 employees or total assets less than £975,000. They usually have few outside investors and the cost of preparing a cash flow statement was thought by the ASB to be excessive in relation to the benefits.

However, for all other companies FRS 1 supersedes Statement of Standard Accounting Practice 10 for accounting periods ending on or after March 23 1992. SSAP 10 required companies to provide a ledger of the source and application of its funds. But the effective definition of cash – or rather funds generated by operations – in this statement was too crude.

In the year to December 31, 1989, Polly Peck disclosed that it generated funds of £172m from operations. On the basis of that figure, there was no reason for investors to believe that within months it would find it impossible to pay its creditors on time.

Companies were given too much latitude in preparation of the funds statement. It was difficult to make meaningful comparisons between what different companies said about funds generation.

In FRS 1, however, the ASB has laid down far more rigid rules. The table above shows how the statement will appear in most accounts. The first line in the new statement, perhaps the most meaningful line, is net cash flow from operations. All companies will be obliged to provide a note to their accounts showing how they reconcile their profits with this net cash inflow from operations.

In the basic version of the reconciliation statement, operating profit is adjusted to take account of movements in working capital – stocks, debtors and creditors – and for those items like depreciation, which do not involve the movement of cash.

If Polly Peck had been forced to draw up such a cash flow statement in its 1989 accounts, it would probably have shown a net cash outflow of £129m, because of its sharp increase in stocks and "debtors" (money owed to the company) during the period. That figure, which might have served as a warning to investors and bankers, could have been calculated from its accounts, but only after much labour.

The ASB is encouraging companies to provide a more useful breakdown of net cash flow from operations by the "direct method of analysis", although this is not compulsory. For a typical industrial company, this procedure will show cash received from customers, cash payments to suppliers, cash paid to employees and other cash outgoings. For the first time, accounts should give an insight into the minutiae of where funds come from.

All the companies interest and dividend flows will also have to be shown separately, which is a distinct improvement over the funds statement. Another useful innovation is that companies will have to provide more detail on how cash was invested during the accounting period.

Payments to acquire fixed assets will be shown separately from investments in goodwill, or intangible assets. The proceeds from asset sales will be deducted from the sum of these two figures to give a net figure for the inflow or outflow from investment activities. In effect, a clearer picture will be given of what the company is doing to generate profits over the long term.

Much of the rest of the cash flow statement is familiar. Nonetheless, shareholders are likely to find the overall statement invaluable and should perhaps turn to it before looking at the profit and loss account.

What could have been learnt about Polly Peck if it had been forced to produce a complete cash flow statement in its 1989 accounts? Drafting the statement now is complicated by the paucity of information available in its accounts. But an approximation can be attempted.

Overall, it suffered a net cash outflow of £883m, taking account of the results of its mainstream trading business and its investments. It financed this outflow by issuing £286m of new share capital, selling £37m of bonds, increasing long-term loans by £406m and pushing up short-term loans by £281m.

This was a company expanding with remarkable rapidity despite the fact that its trading operations were eating up cash. That would have been useful to know.

**XYZ LTD: CASH FLOW FOR YEAR ENDED 31/3/1992**

| | £'000 | £'000 |
|---|---|---|
| **Net cash inflow from operating activities** | | 6,889 |
| **Returns on investments and servicing of finance** | | |
| Interest received | 3,011 | |
| Interest paid | (12) | |
| Dividends paid | (2,417) | |
| **Net cash inflow from returns on investments and servicing of finance** | | 582 |
| **Taxation** | | |
| Corporation tax paid (including advance corporation tax) | (2,922) | |
| **Tax paid** | | (2,922) |
| **Investing activities** | | |
| Payments to acquire intangible fixed assets | (71) | |
| Payments to acquire fixed assets | (1,496) | |
| Receipts from sales of tangible fixed assets | 42 | |
| **Net cash outflow from investing activities** | | (1,525) |
| **Net cash inflow before financing** | | 3,024 |
| **Financing** | | |
| *Issue of ordinary share capital* | 211 | |
| Repurchase of debenture loan | (149) | |
| Expenses paid in connection with share issues | (5) | |
| **Net cash inflow from financing** | | 57 |
| **INCREASE IN CASH AND CASH EQUIVALENTS** | | 3,081 |

ACCOUNTANCY APPOINTMENTS

# Financial Accounting Manager

## West of London

## c£40,000 + Bonus + Car

Our client is a major consumer-led division within a household named plc.

Due to internal promotion they seek an ambitious accountant, to manage a team of 35 people. Reporting to a Director, key responsibilities will include balance sheet reviews, cash control, maintaining and developing sophisticated computer systems, handling high volume transactions and maintaining strict control over working capital.

Candidates should be graduate accountants, age circa 30 years, with strong inter-personal skills, be commercially minded and energetic. Proven man-management experience and exposure to main-frame computer systems are essential.

Success in this role will lead to career development within the group within two years.

Please telephone or write enclosing full curriculum vitae quoting ref: 566 to:

Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE.
Tel: 071-839 4572
Fax: 071-925 2336

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

# INTERNATIONAL FINANCIAL CONTROLLER

## London — to £60,000 + executive benefits

Our client is a substantial US Corporation with a strong reputation for product quality and a progressive management style. Operating worldwide, it manufactures and markets technologically advanced instrumentation and control systems, precision optical equipment and engineered power products. Over recent years it has performed very successfully, and has expanded through acquisition, joint ventures and internally generated growth.

The Company adopts a matrix management structure and a small London head office controls not only the European Region but also a substantial worldwide product division, servicing the automotive and industrial automation sectors. The International Financial Controller will report to the Managing Director responsible for these two areas of the business and provide him with full financial support. This will entail working closely with him, establishing business plans for the operating companies and reviewing their performance; integrating new subsidiaries and developing their systems to meet US requirements; evaluating investment and marketing plans; handling tax and treasury issues; and carrying out financial troubleshooting exercises.

This is a challenging, high profile position which will require a top-flight individual with flexibility, drive and commitment. Candidates should be qualified accountants of graduate calibre with self-confidence, discretion and board level credibility. Probably in your mid/late 30's, you will have sharpened your financial and commercial awareness in both head office and operating company environments. You will be comfortable in an international setting and familiar with US reporting requirements. Successful performance in this exciting and demanding role will lead to director status.

*Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L606.*

Egor Executive Selection
58 St. James's Street
London SW1A 1LD

EGOR EXECUTIVE SELECTION

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# *Financial Controller*

***Thames Valley,***

***c £28,000, Car Allowance***

The wholly owned UK subsidiary of this American public company has experienced unrivalled growth since its inception a year ago. It produces premium entertainment software products, and supplies both the UK and a wider European market through a well established distribution network.

The immediate success demands an astute Financial Controller, earlier than forecast, to take over the full range of financial responsibilities and to play an influential part in steering the company through a challenging period of rapid expansion.

Reporting to the UK Managing Director, you will assume immediate responsibility for the appraisal of computerised financial management systems, forecasting and planning with particular emphasis on cash flow projections. Throughout you would maintain close liaison with the US parent company whilst making an effective contribution to the UK management team on the wider commercial aspects of the business.

Ideally a business graduate aged under 40 with 2 years post qualification experience, you should possess a broad based financial background where a knowledge of publishing or production would be an advantage. A tenacity to commit yourself to the longer term objectives of the company coupled with proven organisational skills are also sought. The role offers outstanding scope for genuine career development.

Male or female candidates should submit in confidence a comprehensive c.v. to, *J.W. Conchie*, Hoggett Bowers plc, *George V Place, 4 Thames Avenue*, WINDSOR, *SL4 1QP*. 0753 850851, Fax: 0753 853339, *quoting Ref: W20051/FT.*

**Hoggett Bowers**

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# *Chief Accountant*

***Distribution***

***West Midlands,***

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Federal Express is a world leader in the distribution of high priority goods and documents with a worldwide turnover exceeding $7 billion, the UK division of the company is expanding its operations by continuing to offer the highest expertise and quality of service to customers. An outstanding opportunity has now been created for a qualified accountant to take up a new role reporting to the Director of Accounting. The main duties will be the preparation of quality management information and reports for the UK Board and US Head Office and also the development of all accounting systems. Ideally aged 28-38 it is essential that you are operating at Chief Accountant/ Financial Controller level in a large organisation with multi-site activities. The successful candidate must possess 3-5 years post qualification experience and will be able to demonstrate strong computer skills. Prospects for career development within the company are excellent.

Male or female candidates should submit in confidence a comprehensive c.v. to, *G.J. Deakin*, Hoggett Bowers plc, *13 Frederick Road, Edgbaston*, BIRMINGHAM, *B15 1JD*, 021-455 7575, Fax: 021-454 2338, *quoting Ref: B18265/FT.*

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North West Water

*c. £70,000 + excellent bonus* — *c. £60,000 + excellent bonus*

## Group Financial Controller

## Group Tax Manager

**Two key appointments based at the Group Head Office of this recently privatised FTSE 100 company, with turnover of well over £600m. The Group already has a wide international base with substantial US subsidiaries and an expanding worldwide programme of engineering projects built on leading edge water industry technology. To join a Group Finance team taking a highly pro-active role in generating profitable, controlled growth and optimising financial opportunities within the Group's strategic objectives.**

**Group Financial Controller**

THE ROLE

- Reporting to the Group Finance Director, functionally responsible for internationally based subsidiary Controllers.
- Consolidation and analysis of budgets, forecasts, variances and long range plans; contributing to improvement programmes and business development.
- Frequent involvement in acquisitions appraisal, capital project approval and financing, and preparation and assessment of strategic plans.

THE QUALIFICATIONS

- A fast track, professionally qualified accountant, probably under 45, graduate calibre, highly numerate and computer literate. Potential for early career advancement.
- Already Controller of a £100m subsidiary or plc with blue-chip reputation for profitable growth internationally. Knowledge of US accounting practice highly desirable.
- Challenging, inquisitive, thorough and incisive. Diplomatic yet pro-active, you will be accomplished at facilitating lasting change within a corporate environment. Willing to travel.

Please quote reference: F195091M.

**Group Tax Manager**

THE ROLE

- Reporting to the Group Finance Director, responsible for a small professional team, strong functional links with Divisional management teams.
- International and UK tax planning, reviewing legislation and compliance issues, liaising with external advisors, negotiating with authorities, establishing procedures.
- Advising on corporate structures to optimise opportunities for efficient tax management. Close involvement with acquisitions, divestments and treasury issues.

THE QUALIFICATIONS

- Professionally qualified, probably 35+ years, numerate and pc literate. Fully conversant with international tax regimes and legislation.
- Experienced and proven in efficient tax management with plc or UK division of multi-national company with substantial US operations.
- Pro-active and opportunistic within a sound framework of business maturity, professional expertise and experience. Willing to travel, motivated to contribute to corporate objectives.

Please quote reference: F196091M.

London 071-973 0889
Manchester 061-941 3818

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Please reply, enclosing full details to: Selector Europe, Bridge House, Ashley Road, Hale, Altrincham, Cheshire WA14 2UT. 061-941 3818

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# Director of Finance

## c.£42k + Benefits

The Group has provided nearly 5,000 homes at a cost of £150 million in West London and the Home Counties. Having grown dramatically over the past five years, we now aim to invest over £30 million to provide 500 new homes this year.

Our present Finance Director is joining a leading housing association consultancy and we are looking for a dedicated professional with exceptional skills to replace him.

If you are an experienced accountant or financial manager, who wants to work for a dynamic and innovative housing charity contact:

Rita Tanda
Personnel Department
The Ealing Family Housing Association Group
St. James' House
105-113 Broadway, West Ealing,
London W13 9BE
Tel: 081-579 7434
Fax: 081-567 9907

The Ealing Family Housing Association Group is an Equal *Opportunities* employer. Applications are positively welcomed from all people regardless of their gender, ethnic origin, marital status, sexuality or disability.

# CAREER OPPORTUNITIES FOR CORPORATE RECOVERY MANAGERS

**London** — **To £60,000**

Touche Ross Corporate Special Services department has achieved remarkable growth through the provision of expert advice and assistance to companies with financial difficulties. We are frequently engaged on special investigative work for banks and other financial institutions. We have been involved in many high quality insolvency appointments which recently have included: Rush & Tompkins, Polly Peck International and BCCI.

Success breeds success and consequently we need to recruit first class managers. As a member of our Corporate Special Services professional team you will handle a wide range of assignments of varying size and complexity. You will cover receiverships, investigations and administrations and the work will offer a constant challenge and wide autonomy in the management of assignments.

For this excellent career opportunity you will be a Chartered or Certified Accountant with at least two years relevant insolvency experience probably gained with one of the big firms. You will also be ambitious, highly motivated with strong interpersonal skills and well developed commercial awareness

We have a highly progressive career structure which we will be pleased to discuss with you.

For further details please telephone or write to Bernadette Breen at Touche Ross & Co., Friary Court, 65 Crutched Friars, London EC3N 2NP. Telephone 071 936 3000

Touche Ross
CHARTERED ACCOUNTANTS

# DIRECTEUR FINANCIER

## SOCIETE INTERNATIONALE DE PRET A PORTER

**LONDRES/PARIS** — **ENSEMBLE EXCEPTIONNEL D'AVANTAGES**

Cette PLC internationale est très connue pour ses marques de vêtements de mode et de loisirs. L'entreprise a sa propre base de fabrication, et commercialise et distribue ses produits dans le monde entier, directement ou sous des accords de licence. Les ventes de 1990 ont dépassé les 100 millions de Livres Sterling.

En tant que membre du Conseil d'Administration principal, vous serez chargé/e de tous les aspects de la gestion financière du groupe, et, avec le Président, des relations du groupe avec les banques, les institutions financières et autres experts. Le poste est basé à Londres mais dans les premiers mois vous devrez passer une grande partie de votre temps à Paris, où la fonction finances est située actuellement

Vous avez probablement autour de 35-45 ans, vous avez une formation supérieure d'expert-comptable, ou équivalente, et vous justifiez d'une expérience probante des finances acquise à un niveau de direction dans une société internationale renommée pour l'excellence de ses contrôles de gestion. L'expérience préalable du secteur textile ou du vêtement n'a pas d'importance particulière. Quel que soit votre pays d'origine, vous devez être Européen/ne de coeur et capable de conduire les affaires en anglais et en français. La connaissance d'autres langues serait un atout considérable.

Il s'agit d'une opportunité hors pair pour une personne exceptionnelle, et il est peu probable que sa rémunération pose un obstacle.

Merci d'envoyer un curriculum vitae détaillé, vos prétentions et un numéro de téléphone (heures de bureau), sous référence 3106 à Neil Cameron, Touche Ross Executive Selection, 1st Floor, Hill House, 1 Little New Street, London EC4A 3TR, Téléphone 071 936 3000.

Touche Ross
MANAGEMENT CONSULTANTS

VENTURE FACTORS

## Senior Recoveries Manager

The current economic conditions mean we need to recruit a Senior Recoveries Manager.

This position offers an unusual, challenging and rewarding opportunity for the right person.

We need an experienced manager to lead our recoveries team, possibly on a short-term contract.

The position requires a background in either corporate litigation or insolvency practice and involves negotiation with Clients, Debtors and Receivers in order to ensure maximum recoveries from book debts, guarantees and other securities.

The successful candidate will be responsible for the training and motivation of a small team and will report directly to the Managing Director.

He or she will be based at our head office in Haywards Heath but the position involves travel throughout the UK. The salary and bonus package being offered will result in on-target earnings of a least

**£50,000 p.a.**

Please reply in writing, enclosing your current CV, to: The Managing Director, Venture Factors PLC, Sussex House, Perrymount Road, Haywards Heath, West Sussex RH16 1DN.

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Daniel Van der Spiegel
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Wir moechten zur Zeit zwei Positionen in Nordrheim-Westfalen besetzen, planen eine bundesweite Ausbreitung.

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**FINANCIAL CONTROLLER**

London c £30,000 + Generous Bonus

West End based management services company with international business interests seeks a qualified accountant for the position of Financial Controller.

**Responsibilities will include:**

- Providing timely and accurate management information for a number of UK and non-UK companies;
- All statutory and taxation aspects of these companies;
- Group consolidations;
- Preparation of budgets and forecasts;
- Development and implementation of computerised management information systems;
- Administration of small office and training and supervision of staff.

The candidate will be a self-motivated commercial accountant with good communication skills and a hands-on approach.

Please send C.V. to Box A1644, Financial Times, One Southwark Bridge, London SE1 9HL

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# Financial Controller

## c. £40,000 + Car

## Harlow

This is a new appointment in an entrepreneurially managed consumer products group which has expanded rapidly in recent years in a recession-proof market sector where it is viewed in the industry as a leading player. Further organic growth using the existing formula and skills will be augmented by selective acquisitions in Europe and the USA.

Reporting to the Finance Director the Financial Controller will take responsibility for all aspects of the accounting and financial control and key elements of treasury for the UK-based businesses at a time when there are major developments in computerisation, budgetary control, and reporting requirements for a new SEC-quoted parent. There will be the stimulus of a very high degree of personal responsibility, a major learning curve to climb, and a requirement for comprehensive achievement.

Applicants must be graduate chartered accountants with an above-average record during big 6 training followed by 3-4 years' commercial experience. Knowledge of American reporting requirements will be particularly appropriate. The role calls for a versatile self-starter with the personal style to be effective in a medium-sized business. Age guideline 30-34. Relocation assistance is available if necessary.

Please apply in confidence quoting Ref. L491 to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 071-240 7805

Mason & Nurse
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### Challenging development and commercial role

# Finance Manager

**Berks** **c. £40,000 + Car**

Our client is a major multinational manufacturer and distributor of high quality office furniture. With activities concentrated in all the major countries of the world, including four UK manufacturing sites, the organisation has built an outstanding reputation based on a firm dedication to the highest level of customer service.

Following a significant reorganisation, the company has reached an exciting stage in its development and now seeks a dynamic Finance Manager.

This role is wide ranging in scope and highly visible, involving extensive liaison with senior operational management as well as external parties. Reporting to the Finance Director with a central staff of six, you will assume responsibility for the development and control of the finance function with specific responsibilities in areas of consolidated financial and management reporting, including the production of UK group annual budget, tax, treasury and certain legal matters.

You will be a graduate qualified accountant, preferably ACA, aged 28-35 with group-level experience gained in a multi-site environment. Extensive involvement and interest in systems development is a prerequisite. Essential personal qualities will include strong interpersonal and staff management skills, a high level of commercial flair and the drive and ambition to succeed within a multinational organisation.

Interested candidates should submit CVs to the advising consultant Sajid Baloch, MBA at Michael Page Finance, Windsor Bridge House, 1 Brocas Street, Eton, Berks SL4 6BW.

Michael Page Finance
Specialists in financial recruitment
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**c£50,000 + car**

A prestigious City practice, our client is now one of the largest law firms in Europe with offices in a number of the world's major financial centres.

Leading a small department, the applicant, as Head of Tax, will be responsible for all aspects of tax planning and management and associated accounting procedures for the partnership and its overseas operations. He or she will work closely with a Tax Partner and report to the Director of Finance. This sensitive role will also involve direct contact with the partners and a wide range of ad hoc projects.

Applicants should ideally be computer literate experienced accountants with extensive tax knowledge gained in a major firm of accountants, a similar large partnership or in commerce. They must also demonstrate that they have the maturity and communication skills to be readily accepted at the highest level.

A competitive remuneration package is offered and **salary will not be a limiting factor for the right applicant.**

**Please write, enclosing a full career/salary *history and daytime telephone number, to* David Tod BSc FCA quoting reference D/996/F.**

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*c. £42,000 + excellent benefits* *Eurotherm International plc* *Worthing Area*

# Finance Director

**The Eurotherm Group is a world leader in the supply of industrial control equipment with an outstanding reputation for innovation and quality. A £20m subsidiary, already dominant in its sector and with a range of exciting new products seeks a strong, commercial finance professional to join an enthusiastic management team. Superb opportunity to significantly improve profitability and performance through the application of sophisticated financial management techniques. Key role in the planning and implementation of future growth strategy within a Group that recognises and rewards exceptional performance.**

THE ROLE

- Influential Board member responsible to MD for provision of accurate and timely management information to improve control, decision making and working capital management.
- Upgrading financial reporting and manufacturing control systems and developing the central accounting team. Highlighting areas across the company where cost and performance efficiencies can be achieved.
- Active involvement in determining future strategy. Forging close links with senior operating management.

THE QUALIFICATIONS

- Bright, qualified accountant with first class professional training and awareness of current accounting procedures. Track record of success and promotion in a recognised manufacturing organisation.
- Balanced strategic and commercial focus. Computer literate with manufacturing systems experience. Good analytical and interpretative skills. Ability to handle ad hoc projects.
- Excellent man manager, communicator and team player. Persuasive and proactive style that achieves results.

London 071-973 0889
Manchester 061-941 3818

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With over two million domestic and commercial customers and a turnover of around £1.2 billion, East Midlands Electricity plc is not only one of the largest companies in the region — it is also one of the most dynamic and fastest growing.

We have dramatically increased our competitive edge. We are diversifying to make full use of the new opportunities open to us. And we have exciting future plans in which our Accountants have a major role to play.

We now have three new opportunities for commercially astute, pro-active professionals who will make an immediate impact as we continue to accelerate our plans.

## FINANCIAL CONTROLLER (DESIGNATE)

### Electrical Installation Services

Serving domestic and business customers, our electrical installation business is growing rapidly — both organically and through acquisitions in terms of turnover and the level of profitability. Reporting initially to the current encumbent and eventually directly to the Managing Director of the Division, you will be a key member of the management team — making a major contribution to the commercial success of the business and the achievement of its financial objectives.

This will require a graduate who is Chartered, Certified or Management qualified with at least five years post qualification experience — ideally in an industrial/electrical contracting environment although applicants from the profession will be considered. Strong analytical skills are particularly important. Vacancy No. 91-1341

## MANAGEMENT ACCOUNTANT

### Electricity Division

Supplying and distributing electricity throughout an area of 16,000 square kilometres, our Electricity Division is a large and complex operation — the core of the business requiring continuous and substantial capital investment and accounting for the majority of our turnover and profits.

Reporting to the Divisional Financial Controller, you will lead a small team providing a totally professional financial management information service to meet the business needs of Head Office and our thirteen District Managers.

A graduate and Chartered, Certified or Management qualified, you will have relevant experience within a large turnover, multi-site operation using highly sophisticated systems. *Particular ability in the areas of budgetting and capital investment control is important* together with analytical and systems development skills. Vacancy No. 91-1342

## MANAGEMENT ACCOUNTANT

### Trading

This is an important role which will make a major contribution to the commercial success and achievement of financial objectives of a range of businesses outwith the core electricity business. These comprise retailing, electrical installation, manufacturing, security and energy management.

Working closely with the Financial Controller — Trading, you will become heavily involved in all aspects of the financial management of the businesses including planning, budgetting, performance monitoring and the collation/presentation of management information.

You will be a graduate, Chartered, Certified or Management qualified and possess a minimum of five years proven experience in industry or with one of the large practices. Vacancy No. 91-1343

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The importance of these positions means we need dynamic, forward looking Accountants who have confidence, flair and excellent inter-personal skills. The jobs will grow as the business grows — so personal ambition is a must!

*Relocation assistance* is available where appropriate and the excellent benefits include contributory pension scheme, 23 days holiday, concessionary purchase terms, sports and social facilities etc.

Applicants who are registered disabled and meet the above criteria will be guaranteed an interview.

Application forms are available by telephoning (0602) 671152 or 673211 (24 hours) and must be returned to the Head of Personnel Services, East Midlands Electricity plc, 398 Coppice Road, Arnold, Nottingham NG5 7HX, by *10 October 1991* quoting the appropriate vacancy number.

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**FINANCIAL CONTROLLER**

This opportunity is due to the expansion of a large US high tech company, operating out of Wokingham, Berkshire. The successful candidate will be responsible for the systems, controls and accounting records of several businesses.

This includes the reporting of monthly and year-end accounts, plus recommendation and implementation of procedures and systems to strengthen the controls of these businesses. As the businesses are diverse, so are the accounting/control requirements. Also, the individual will work as part of the managment team.

The successful candidate is a fully qualified accountant experienced in both reporting and accounting controls, and interacts well with operating management. Background required includes credit & collections, foreign currency translation, and consolidation.

Send a cv to:

David Robbins,
Division International Controller,
Dynatech Corporation,
Ilex House, Mulberry Business Park,
Fishponds Road,
Wokingham Berks RG11 2GY
No Agencies Please

# Finance Director

## Industrial Electronics

c £50,000 — Berks

**Very attractive position in subsidiary of highly regarded British plc, for progressive finance professional with exemplary track record at senior level in a manufacturing environment.**

**THE COMPANY**
- Highly profitable, plc subsidiary. Multi-site operation employs 500 people in new custom built accommodation.
- Designs, manufactures, supplies and supports technically sophisticated equipment for specialist markets worldwide.
- World market leader in key product groups.

**THE POSITION**
- *Reports to MD and guides Board on financial affairs.*
- Responsible for all financial reporting and controls, strategic input to policy formulation.
- Broad remit with management responsibility for large finance and systems department.
- Strengthen systems to enhance reporting capabilities, improve management information and maximise profitability.

**QUALIFICATIONS**
- Graduate, Chartered or Management Accountant, 32+ with manufacturing background and management accounting bias.
- Experience in implementing computer systems. Proven management skills.
- Enthusiastic and ambitious with good business brain and flair.

Please write, enclosing full cv, Ref SK3932
**54 Jermyn Street, London, SW1Y 6LX**

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# Group Finance Director

## Upstream Oil & Gas Plc

To £70,000 Base + Options — South East

**Exceptional opportunity for a first class Chartered Accountant to assume full responsibility for the commercial management of an established British plc committed to growth and acquisition.**

**THE COMPANY**
- Successful British independent oil and gas exploration and production company.
- Interests as operator and co-venture partner in the North Sea, onshore and internationally.
- Strong management team with clear and aggressive growth plans. Significant institutional backing.

**THE POSITION**
- Responsible through small head office team for all financial and treasury management. Report to Managing Director and deputise in absence.
- Prepare and analyse annual budgets, corporate plans and proposed acquisitions. Liaise and negotiate with joint venture partners.
- Manage auditing, taxation and bank relationships. Represent company to shareholders.

**QUALIFICATIONS**
- Commercial graduate FCA, aged 32-50, with previous full cost upstream oil and gas accounting experience, including PRT and joint venture accounting.
- Credible at the highest level. Technically strong with a flexible, hands-on approach.
- Strategic planner and motivator capable of significantly affecting the bottom line.

Please reply in writing, enclosing full cv, Reference K3934
**54 Jermyn Street, London, SW1Y 6LX**

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# Finance Director

## Consumer Durables

c £35,000 + Benefits — North West

**A superb opportunity for a first class financial professional to play a vital role in managing this growing manufacturing company.**

**THE COMPANY**
- Autonomous subsidiary of successful group. £25m turnover, 500 employees, own transport fleet.
- Outstanding product range in quality household goods. Profitable.
- Well positioned to exploit opportunities of a rapidly changing market.

**THE POSITION**
- Total responsibility for financial management of three manufacturing sites. Report directly to MD.
- Key member of management team with full involvement in company's general management and strategic direction.
- Improve I.T. systems and tighten cost and management accounting to maximise profitability.

**QUALIFICATIONS**
- Qualified management accountant, energetic and decisive. FD experience in manufacturing essential.
- Thorough knowledge of integrated standard costing and computerised *Bills of Material.*
- Excellent communication and management skills. Proactive and profit orientated.
- Good administrator, ambitious, with "hands-on" style and the drive to succeed.

Please write, enclosing full cv, Ref MK3818
**Courthill House, Water Lane, Wilmslow, SK9 5AP**

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# Financial Controller

c. £42,000 + Excellent Package — Central Scotland

**Exceptional opportunity for talented finance professional to manage financial and management accounting functions of this major company. Key task to drive review of current procedures during a period of considerable change. A demanding, intellectually stimulating and influential management position.**

**THE POSITION**
- Reporting to Finance Director, fully responsible for all budgeting, financial reporting, control and analysis.
- Emphasis on creative approach, introducing accounting practices to enhance the efficient reporting and management information systems already in place.
- Lead well established and highly effective senior accounting management team. Excellent career prospects.

**QUALIFICATIONS**
- Graduate qualified accountant aged 30-35 with minimum five years broad experience in several industry sectors.
- Technically sound with demonstrable leadership skills and commercial awareness. Creative strategic thinker with ability to manage change.
- Confident and energetic self-starter, able to relate well at all management levels, ideally with a sense of humour.

Please reply in writing, enclosing full cv, Reference GK3933
**78 St Vincent Street, Glasgow, G2 5UB**

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Coca-Cola — Coca-Cola Middle East

# FINANCIAL SYSTEMS ANALYST

**Windsor**

c£30,000 + Car + Benefits + Relocation

### THE GROUP

Established 105 years ago, The Coca-Cola Company has grown to be the world's most powerful trademark as well as the only truly global soft drinks production and distribution system, and with international net sales in excess of $10 billion needs little in the way of an introduction.

### THE OPPORTUNITY

An exciting opportunity has arisen for a qualified accountant to join Coca-Cola Middle East's highly motivated management team. Reporting directly to the Vice President and Manager of Finance, this varied role will involve extensive travel throughout the Middle East on assignments of up to one month in length. You will be responsible for feasibility studies for new franchises, operations and systems audits, the development and implementation of financial systems, and special projects and investigations as requested by management.

### THE CANDIDATE

The successful candidate will be a young qualified accountant with at least 2 years' experience of audit and financial systems review, ideally gained within the Middle East. Fluency in both written and spoken Arabic is desirable as the role involves working with local staff. You should be able to demonstrate a positive record of achievement, possess a high level of self motivation and commitment and be willing to relocate in 2 – 3 years to the Middle East for career advancement.

For further information on the above position contact Jeff Price on (0742) 306659. Alternatively, please forward your CV in complete confidence to the address below.

**PRICE MORGAN**
ACCOUNTANCY RECRUITMENT CONSULTANTS
Riverdale House · 89 Graham Road
Sheffield · S10 3GP · Tel: 0742 306659

# EQUITIES ACCOUNTING MANAGER

**c.£40,000 Package — Full Banking Benefits**

An accomplished ACA, aged under 32, is sought by leading City investment bankers for a high profile role.

Motivating a small team, you will be responsible for the preparation of the UK equities results and the review of worldwide equities operations. These tasks entail the co-ordination of periodic financial/management reporting and the control of the budgeting/planning processes whilst ensuring compliance with the FSA's *regulatory requirements. Extensive liaison at a senior level is an* essential feature of the post, as is the provision of technical support on accounting issues.

To qualify for consideration, you should have a thorough grasp of both equities and SFA reporting combined with the sound management and communication skills enabling you quickly to make your mark.

In order to further your interest in this outstanding opportunity please call *Paul Glatzel* on the number below or out of hours on 0767 27530. Alternatively, please write briefly enclosing a CV quoting ref. 8030.

*personally recommended*
**EXECUTIVE CONNECTIONS**
BANKING & FINANCE
12-14 MASONS AVENUE, LONDON EC2V 5BT. TEL. 071-600 1122. FAX. 071-600 1685.

# CORPORATE FINANCE EXECUTIVE

**£26-28,000 + Car + Bonus + Bank Benefits**

My Client is a City investment bank of the highest repute which seeks a newly/recently qualified ACA with not more than twelve months PQE.

Reporting to an Assistant Director, you will assist with transactions embracing acquisitions, divestments, MBOs, MBIs, flotations etc. The size of individual teams within the Corporate Finance Department is kept deliberately small so that you will gain the widest possible experience, including extensive contact with clients. Also of note is the fact that there are few very large company clients, thus ensuring that you derive enhanced intellectual stimulus from tackling a larger volume of deals.

To meet my client's rigorous selection criteria, you must be able to offer impeccable academic/professional credentials and outstanding interpersonal skills. You must also have the ambition and ability to take you rapidly up the promotion ladder.

If you are interested in this outstanding opportunity, call David Hughes on the number below or out of hours on 0767 27530. Alternatively, please write briefly enclosing a CV quoting ref. 8035.

*personally recommended*
**EXECUTIVE CONNECTIONS**
BANKING & FINANCE
12-14 MASONS AVENUE, LONDON EC2V 5BT. TEL. 071-600 1122. FAX. 071-600 1685.

# PEREGRINE

**FAR EAST STOCKBROKING**

## Head of Research — Singapore

We are a Hong Kong-listed stockbroking and financial services group active in Asian equity markets for an international client base. Our research products are established *and well-regarded within* the industry.

Our Singapore subsidiary is involved in the domestic stockmarket and is also the ASEAN regional headquarters for business development.

Reporting to an Executive Director, the successful candidate will lead a young team of investment analysts producing both macro-economic and company research.

Applicants should be in their early thirties with a strong academic background in economics and/or accounting and with direct professional experience in Asian markets. Proven analytical skills and the ability to write well are necessities as is a working knowledge of PC-based software.

The position offers generous salary/bonus, together with housing and other expatriate benefits. Please submit a detailed resume (with photo), including current compensation, together with telephone contact to the below address. [Initial interviews will be conducted in our London office].

Regional Director
Raffles City P.O. Box 1236
Singapore 9117

ActionAid - Britain's fourth largest development charity working with children, families *and communities to improve the quality of life in some of the poorest parts of the* world is seeking to recruit a:

# DIRECTOR OF FINANCE AND ADMINISTRATION

ActionAid is currently operational in 19 countries throughout Asia, Latin America and Africa with an annual income in excess of £25M.

Reporting to the Chief Executive, you will be expected to contribute to the senior management policy process and to lead a senior management team with specific responsibility for the strategic planning and controlling of ActionAid's worldwide financial activities. You will also be responsible for the management and development of our International Computer services.

You will need stamina, excellent interpersonal skills, a good appreciation of information technology and sensitivity to the issues of the voluntary sector; experience in an international environment useful but not essential. Degree level education, a professional accountancy qualification and significant post qualification experience in a senior management role of at least five years is essential.

*Salary package from £30,000.*

Please apply with full cv and supporting letter to Lesley E Halliwell, Personnel Department, ActionAid, Tapstone Road, Chard, Somerset TA20 2AB, by 18th October 1991.

*We aim to be an equal opportunities employer.*

**ActionAid**

Registered Charity No 274467

# IRAN

## FINANCIAL CONTROLLER

**A fast growing company with substantial international backing, is seeking an experienced Financial Controller to manage the total finance function, establish control systems and introduce computerised accounting, budgetary and reporting proceedures.**

**Candidates should ideally be graduates, ACA and/or MBA qualified, with broad financial management experience gained in both trading and manufacturing environments. Fluency in Farsi and English is essential.**

**The position will be based in Tehran and a substantial remuneration package will be negotiated.**

***Interested applicants should send full career details to Box A414, Financial Times, One Southwark Bridge, London SE1 9HL.***

# Financial Controller

**c £35K + Car**
**Based in EC1**

*This is a key role in* MENCAP, a substantial and expanding organisation which provides and promotes services for people with learning disabilities including 400 residential homes, employment schemes, leisure and training activities.

The *Financial Controller* will be responsible for directing the activities of the Finance Department, currently employing 30 staff, ensuring that all financial controls are adhered to and targets and deadlines met. Staff management is an essential element to this job and the postholder will be responsible for ensuring that staffing resources are deployed most effectively to meet the Department's priorities and reviewed on a regular basis.

Applicants should be qualified accountants with substantial experience of managing a large and diverse group of staff as well as organised, analytical, energetic and in possession of excellent communication and interpersonal skills. Applicants will also need to be able to demonstrate an ability to manage change in order to meet the growing needs of the organisation.

**For further details and an application form please contact Personnel Department, MENCAP National Centre, 123 Golden Lane, London EC1Y 0RT or call our 24 hour answerphone on 071 454 0457.**

**Closing date for receipt of applications forms: Friday 18th October 1991.**

MENCAP

MENCAP is a registered charity
Working towards equality in employment.

# New challenges with an expanding force in worldwide Exploration & Production

## Reading

British Gas is now firmly established as a major presence in the oil and gas industry worldwide and is unrivalled in its commitment to continued expansion, both internationally and domestically.

With a current turnover of £978m and an operating profit of over £300m, E&P made a major contribution to the Group's record current cost post-tax profits of £0.9 billion announced earlier this year. Future financial targets are equally ambitious.

*This exciting and ongoing increase in activity has created a number of new and challenging* opportunities within the Exploration Finance, Financial Accounting division.

### Joint Venture Accountants

You will be responsible for all operated joint venture activities on licences throughout either the Southern or Northern North Sea. You will have a highly visible role, both externally with partners and internally with technical departments.

You will prepare and submit budgets and work programmes, presenting resulting AFE's to partners for approval. In addition to vetting contracts for drilling, seismic surveys, etc, you will monitor daily operational performances against agreed costs, advising on variances where necessary.

A qualified accountant, you have five years' relevant experience, some of which has been gained with an oil company with North Sea interests. Of equal importance will be strong presentation and communication skills combined with the ability to interact effectively with technical disciplines in the field.

### Financial Accountant

The company's UK E&P operations have a current turnover in the region of £0.75 bn and you will take specific responsibility for designated aspects of financial accounting for one of the operating companies. Reporting to the Principal Financial Accountant, this will include *preparation of annual statutory accounts, half-yearly figures for consolidation and monthly* accounting statements, all to strict reporting deadlines.

A qualified accountant, you have at least two years' relevant post-qualifying experience gained through oil company audit or direct employment within the industry. You are familiar with large scale integrated computer systems and have the ability to motivate staff and timetable their work.

### Cash Management Specialists

Of these two roles, one will take responsibility for day to day cash management including cheque runs, bank reconciliations and cash call administration. You will also manage a cash office, which is to be set up as a new service for employees at the Reading site.

The second role covers cash forecasting and longer term cash management, working in close liaison with Group Treasury to give currency breakdowns, monitor cash flows for overseas offices and ensure that excess funds are remitted to Group on a timely basis.

For both roles you will be given extensive computer training.

You are preferably a finalist, with at least two years' cash management experience with a large international organisation. Experience of staff management would be an advantage.

Highly competitive packages, which include company profit sharing and sharesave schemes, company car (depending on level of appointment) and a range of other attractive benefits, reflect the importance of these positions.

You will be based at the E&P Division Headquarters at prestigious new offices in Reading and generous relocation assistance will be provided where appropriate.

In complete confidence, please telephone or write with CV, clearly stating which position is preferred, to: **John Diack or Penny Strawson, Simpson Crowden Consultants Limited, 97/99 Park Street, London W1Y 3HA. Telephone: 071-629 5909.**

**An equal opportunity employer**

**British Gas**

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# Computer Auditor

c£30,000 + Car

A major International subsidiary of a leading UK Plc, our client is one of the 'Top 5' music companies and the world leader in music publishing. With a turnover in excess of £1000m they have achieved record profit results for the third consecutive year. Strategic investment in acquisitions, I.T. systems and manufacturing has not only increased their market share substantially, but left them poised for further global expansion.

An outstanding opportunity has arisen for a computer auditor. Based in London, up to 40% of your time will be spent working in the U.S., Europe and the rest of the world. Responsibilities will include providing support for the Financial Audit Team, reviewing new and existing application systems, reviewing data centre control and participating in financial and operational audit.

Aged 26-32, you will be either a qualified Chartered Accountant with strong computer skills or a commercially aware I.T. specialist. A good working knowledge of large and mid range IBM systems and a wide experience of PC's and LAN's are essential.

Excellent career opportunities exist for mature, self-motivated individuals with a high level of interpersonal and communication skills. Fluency in a European language would be an advantage.

**For further information call Fiona Bailey or Darrell Smith on 071-387 4549. Eves/weekends on 081-444 8933/081-892 1381 or write to them at Hunter Campbell, 40 Triton Square, London NW1 3HG. Fax: 071-383 7135.**

Hunter Campbell

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**NEWLY QUALIFIED**

# Group Accountant

## West End – £28,000 + Benefits

- Leisure Sector
- *Small Growing Company*
- NQ ACA

This European Leisure Group has reported record profit and growth results and is now keen to appoint a newly qualified ACA to the Group Management team.

A new position, it will report directly to the Head of Finance and have responsibility for managing a team of 8 staff. Key issues include enhancing the flow and analysis of management information, managing cashflow and pricing policy, and developing systems.

A practical, outgoing individual is required to play a full part in all aspects of Group Finance and must have a flexible, commercial attitude to projects.

If interested, please send a CV to Pippa Curtis or Liz Osborne at Douglas Llambias Associates, 410 Strand, London WC2R 0NS or telephone on 071-836 9501, quoting ref. FT26991.

BIRMINGHAM 021-233 4121
DUBLIN 01-613726
EDINBURGH 031-225 7744

DOUGLAS LLAMBIAS

GLASGOW 041-226 3101
LONDON 071-836 9501
MANCHESTER 061-236 1553

RECRUITMENT CONSULTANTS

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

# THE CITY and '1992'

From time to time Robert Walters Associates undertake a number of seminars on topics relevant to the finance and accountancy sectors as well as its mainstream financial recruitment activities.

Although '1992' may be yesterday's news, it has significant implications for the financial services sector in London.

With this in mind, RWA are holding a seminar, in conjunction with the Financial Times, entitled 'The Future of London as a Financial Centre', at Le Meridien, 21 Piccadilly, London W1 on the evening of Wednesday 9 October 1991 at 6.30pm.

We have invited three speakers to discuss the threats and opportunities facing accountants pursuing a career in the financial services sector. Specifically this will cover: the changing nature of the accountants' role; the strategy of the London banking community in the face of increasing competition and the differences in corporate culture between European, US and UK banks.

The speakers will be:

a) Andrew Wright, Vice President, Business Unit Controller, Morgan Stanley International
b) Simon Ball, Finance Director, Kleinwort Benson Securities
c) Patrick Diggines, Assistant General Manager, Banque Indosuez

They will talk for 15 to 20 minutes each, after which time there will be an opportunity for all participants to discuss any issues you feel are relevant.

Refreshments will also be provided.

As places are strictly limited, please telephone Louise Swift on 071-379 3333 to reserve your place or write to her at **Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.**

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR BIRMINGHAM BRUSSELS ANTWERP AMSTERDAM

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# FINANCIAL CONTROLLER

## Basildon c.£30,000

With the strong backing of its US parent company, our client, the UK subsidiary of a major international engineering group, is well equipped to ride out the recession and take advantage of new business opportunities which are now opening up. This £14m t/o company manufactures high quality components for the automotive and aviation industries worldwide and is currently implementing a new, forward-looking management strategy.

The Financial Controller is a key appointment newly-created to strengthen the senior management team and introduce more sophisticated commercial disciplines. Reporting to the Financial Director and working closely with the Managing Director, the Controller will head up a small accounting team and take responsibility for management reporting and financial control. The focus will be upon streamlining the systems, improving the quality of monthly management information and providing active support in the commercial decision making process.

Candidates should be qualified accountants with a well-developed business sense and several years' practical accounting experience gained in a manufacturing environment. They should be flexible, committed self-starters with the ability to instigate change and make things happen.

This is a real opportunity to make your mark in a progressive group with genuine scope for career development either in the UK or internationally. The role carries with it an attractive benefits package including relocation assistance if appropriate.

*Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L605.*

**Egor Executive Selection**
**58 St. James's Street**
**London SW1A 1LD (071-629 8070)**

EGOR EXECUTIVE SELECTION

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain · Sweden

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# Head of Finance and Administration

## (Insurance)

## Central London c.£50,000+Benefits

- *One of Europe's largest insurance groups with offices in some 30 countries worldwide and writing a wide range of insurance business is looking to recruit a commercially minded accountant for its London operation.*
- *As part of the senior management team, the Head of Finance & Administration will lead the continued development of a strong management reporting and control function together with the provision of improved management information systems. Specifically the role will entail liaison with such areas as investment accounting, data processing and will provide involvement in a range of insurance issues in both general and life aspects of the business. The implementation and management of change in these areas will be a key element of the position.*
- *Candidates for the position should be qualified accountants, aged 32-45, who offer demonstrable experience gained within general or life companies, ideally both. They should be diplomatic in their approach and be able to communicate effectively with such outside bodies as the DTI and the IRS. Lateral thinking and a commercial approach to business will be key attributes sought.*
- ***Please write enclosing a detailed curriculum vitae with salary details and quoting reference JC354 to Jeff Cottrell, Ernst & Young Corporate Resources, Becket House, 1 Lambeth Palace Road, London SE1 7EU.***

ERNST & YOUNG

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**Appointments Advertising**
appears every Wednesday & Thursday
& Friday (international edition only)
For further information please call
Richard Jones 071-873 3460
Teresa Keane 071-873 3199
Alison Prin 071-873 3607

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

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## BANKING OPPORTUNITIES
## £Excellent + Banking Benefits

A major international investment bank is experiencing considerable growth throughout the organisation and wishes to recruit a number of newly qualified accountants for ***Corporate Finance, Credit Analysis, Internal Audit*** and ***Treasury Accounting***. Successful candidates must demonstrate an excellent academic background, including first-time exam success; strong analytical and presentational skills as well as business awareness. Previous financial services audit experience would be of considerable interest. In return, they can look forward to working in a lively and innovative environment.

***Interested applicants should send a c.v. plus a hand written letter outlining their interest in, and suitability for, their preferred role, to Helen Highet, Senior Consultant.***

**Jonathan Wren & Co. Limited, Financial Recruitment Consultants**
**No. 1 New Street, London EC2M 4TP**
**Telephone 071-623 1266 Facsimile 071-626 5259**

JONATHAN WREN EXECUTIVE

# The Institute of Chartered Accountants in England and Wales

## Results of Professional Examination 2 held in July 1991

## List of Successful Candidates

### Order of Merit and Prizes

*First Place in the Order of Merit and the Peat Prize and the Carter Prize for the Paper on Taxation 2*
Nicola Gwendolyn Freeman (Touche Ross & Co), Leicester

*Second Place in the Order of Merit and the Deloitte Prize and the Walton Prize for the Paper on Management Accounting & Financial Management 2*
Sheree Anne Blanksby (Coopers & Lybrand Deloitte), London

*Third Place in the Order of Merit and the Fletcher Prize*
Jonathan Arthur Hare (Price Waterhouse), Newcastle upon Tyne

*Fourth Place in the Order of Merit and the Strachan Prize*
Hussein Barma (Price Waterhouse), London

*Fifth Place in the Order of Merit and the William G Frazer Prize and the Whinney Prize for the Paper on Financial Accounting 2*
Anne Joyce Maxfield (Robson Rhodes), Cambridge

*Sixth Place in the Order of Merit (equal) and the Tattersall-Walker Prize and the Quilter Prize for the Paper on Auditing 2*
Anna Louise Verduyn (Neville Russell), Oxford

*Sixth Place in the Order of Merit (equal) and the Tattersall-Walker Prize*
Sarah Jane Thomas (Coopers & Lybrand Deloitte), Birmingham

*Eighth Place in the Order of Merit (equal)*
Delia Elise Ferguson (Coopers & Lybrand Deloitte), London
Elizabeth Anne Whittaker (Price Waterhouse), London

*Tenth Place in the Order of Merit (equal)*
Neil Joseph Ogden (BDO Binder Hamlyn), Manchester
Fabian Tassano (KPMG Peat Marwick McLintock), London

*Twelfth Place in the Order of Merit (equal)*
Ian Andrew Mackinnon (Acklands Bunker), Bristol
Mark Michael Shelton (Price Waterhouse), London

*Fourteenth Place in the Order of Merit*
Peter Kenneth Howes (Touche Ross & Co), Southampton

*Fifteenth Place in the Order of Merit (equal)*
Andrew Paul Gambrell (Winters), London
Christopher Maton (Touche Ross & Co), Cambridge

*Seventeenth Place in the Order of Merit*
Joan Margaret Brown (Touche Ross & Co), Bracknell

*Eighteenth Place in the Order of Merit*
Paul Gary Turner (KPMG Peat Marwick McLintock), Leicester

*Nineteenth Place in the Order of Merit (equal)*
Stephen Paul Clarke (Price Waterhouse), London
Elizabeth Kathryn Connole (Touche Ross & Co), Bristol
Elizabeth Jane Warnes (Arthur Andersen & Co), Birmingham

A

Allatson T. (Pannell Kerr Forster), Nottingham
Allaway S.D. (Dixon Wilson), London
Alldridge S.A. (Ernst & Young), Cardiff
Allen B.J. (Hawsons), Sheffield
Allen D.J. (Robson Rhodes), Leicester
Allen D.M.W. (KPMG Peat Marwick McLintock), Exeter
Allen J.C. (Coopers & Lybrand Deloitte), Bristol
Allen R.J. (KPMG Peat Marwick McLintock), Chepstow
Alli A. (Coopers & Lybrand Deloitte), London
Allpass J.R. (KPMG Peat Marwick McLintock), London
*Alston D.G. (Coopers & Lybrand Deloitte), Croydon*
Ameen M. (Arthur Andersen & Co), Cambridge
America J.C. (KPMG Peat Marwick McLintock), Birmingham
Amin C.M. (Auerbach Hope), London
Anderson C.H. (Coopers & Lybrand Deloitte), Birmingham
Anderson M.J. (Coopers & Lybrand Deloitte), Newcastle Upon Tyne
Anderson R.J. (Ernst & Young), London
Anderton I.L. (BDO Binder Hamlyn), Manchester
Andreades A. (KPMG Peat Marwick McLintock), London
Andrew P.L. (Coopers & Lybrand Deloitte), London
Andrew S.J. (Ernst & Young), Leeds
Andrews C.J. (Coopers & Lybrand Deloitte), London
Andrews G.R. (KPMG Peat Marwick McLintock), Keighley
Andrews J.L. (KPMG Peat Marwick McLintock), London
Angelis A.G. (Jayson Arnold & Fowell), London
Angus M.G. (KPMG Peat Marwick McLintock), London
Annetts S. (Moores Rowland), Northampton
Anson F.M. (KPMG Peat Marwick McLintock), Manchester
Anson N. (Spicer & Oppenheim), Newcastle Upon Tyne
Anthony S.D. (KPMG Peat Marwick McLintock), London
Appleby J. (Ernst & Young), London
Arbuthnott D.H. (KPMG Peat Marwick McLintock), London
Archer S.C. (Coopers & Lybrand Deloitte), Southampton
Arcidiacono C.M.L. (Kidsons Impey), London
Ariyadasa C.S. (Brebner, Allen & Trapp), London
Ark G. (KPMG Peat Marwick McLintock), Birmingham
Armstrong D.M. (Coopers & Lybrand Deloitte), Newcastle Upon Tyne
Arnold J.A. (Ernst & Young), Southampton
*Ashcroft M.S. (Lomax Chant & Co), London*
Ashelford A.J. (Price Waterhouse), London
Ashfield R.M. (Coopers & Lybrand Deloitte), Norwich
Ashford S.J. (Rothman Pantall & Co.), Winchester
Ashmore S.E. (Coopers & Lybrand Deloitte), Nottingham
Ashworth C.M. (KPMG Peat Marwick McLintock), London
Ashworth M.W. (Ernst & Young), London
Asmar N. (Coopers & Lybrand Deloitte), Reading
Aspinall P.J. (MacIntyre Hudson), Milton Keynes
Asquith P.J. (Booth Ainsworth), Cheadle
Astbury E.A. (Robson Rhodes), Leeds
Astley P. (Arthur Andersen & Co), Birmingham
Aston J. (MacIntyre Hudson), London
Atherton G.L. (Touche Ross & Co.), London
Atherton J.P. (Stoy Hayward), London
Atkin N.W. (Spicer & Oppenheim), Manchester
Atkinson C.J. (Simpson, Wreford & Co), Croydon
Atkinson G.D. (Touche Ross & Co.), Leeds
Augustin B.B. (Bennett Nash, Woolf & Co), London
Austen M.D. (James & Cowper), Newbury
Austin R.J. (Price Waterhouse), Leeds
Austwick S.J. (Touche Ross & Co.), London
Au-Yong S.S. (KPMG Peat Marwick McLintock), Maidstone
Avis J.C. (Arthur Andersen & Co), London
Ayling M.R. (KPMG Peat Marwick McLintock), Oxford
Ayton H.S. (Arthur Andersen & Co), London
Azam A. (KPMG Peat Marwick McLintock), Birmingham

B

Baber R.L. (Solomon Hare), Bristol
Bacchus L. (Spicer & Oppenheim), Croydon
Baden A.D. (Grant Thornton), Liverpool
Badhwar S. (Coopers & Lybrand Deloitte), Uxbridge
Bagnall C.S. (Kidsons Impey), Heswall
Bagshaw N.C. (Coopers & Lybrand Deloitte), Manchester
Bagworth S.M. (Ernst & Young), Birmingham
Bailey D.J. (KPMG Peat Marwick McLintock), Southampton
Bailey I. (Chadwick & Co), Manchester
Bailey P.J. (Coopers & Lybrand Deloitte), London
Bailey S.U. (KPMG Peat Marwick McLintock), London
Baines C.A. (Coopers & Lybrand Deloitte), Newcastle Upon Tyne
*Baird M.G. (Coopers & Lybrand Deloitte), London*
Baker C. (Reeves & Neylan), Canterbury
Baker R.E.J. (KPMG Peat Marwick McLintock), Milton Keynes
Baker S. (KPMG Peat Marwick McLintock), Birmingham
Baker V.J. (Ernst & Young), Guernsey
Balbi A.S.G. (Coopers & Lybrand Deloitte), Guernsey
Balch S.A. (Smith Starmer Hart), Northampton
Ball A.D. (Price Waterhouse), Leeds
Balroop M.K. (Touche Ross & Co.), London
Bandura F. (KPMG Peat Marwick McLintock), London
Banfield C.M.J. (BDO Binder Hamlyn), London
Banks R.K. (Cape & Dalgleish), London
Bannister P. (Price Waterhouse), Liverpool
Barber I.D. (Myers Clark), Watford
Barco C.A.J. (Wellers), Oxford
Barette A.C. (Coopers & Lybrand Deloitte), Jersey
Barke K. (Touche Ross & Co.), London
Barker M.A. (Lovewell Blake), Great Yarmouth
Barker S.G. (Pannell Kerr Forster), London
Barling M. (Coopers & Lybrand Deloitte), London
Barlow B.P. (Clark Whitehill), London
Barlow J.N.D. (Grant Thornton), Corby
Barma H. (Price Waterhouse), London
Barnard C.L. (Baker Tilly), London
Barnes J.A. (Coopers & Lybrand Deloitte), London
Barnes P.E. (Ernst & Young), Cambridge
Barr G.D.J. (Fraser & Russell), Watford
Barrett A.J. (Neville Russell), Bristol
*Barrett A.C. (Coopers & Lybrand Deloitte), Uxbridge*
Barrett B.J. (Spicer & Oppenheim), Leeds
Barrett D.W. (Stoy Hayward), London
Barrett M.G.V. (Cooper Lancaster), London
Barrick S.J. (KPMG Peat Marwick McLintock), York
Barron G.M. (Moore Stephens), London
Barrow A.E. (Coopers & Lybrand Deloitte), London
Barrows A.S. (Price Waterhouse), London
Bartlett P.W. (Arthur Andersen & Co), London
Baseley F.A. (Nevill, Hovey & Co), Plymouth
Basford S.A. (Coopers & Lybrand Deloitte), Northampton
Baskerville R.C. (Coopers & Lybrand Deloitte), Nottingham
Bass K.J.I. (Hazlewoods), Gloucester
Bassett C.W. (Milne Ross), Swindon
Bassi S. (Morgan Brown & Spofforth), London
Bassom M.W. (KPMG Peat Marwick McLintock), Southampton
Bastible B.J. (KPMG Peat Marwick McLintock), London
*Basu K. (BDO Binder Hamlyn), London*
Batchelor E.C. (KPMG Peat Marwick McLintock), London
Bate J.C. (Gane Jackson Scott), London
Bateman C.M. (Arthur Andersen & Co), London
Bates C.E. (Price Waterhouse), Leicester
Bayliss S. (KPMG Peat Marwick McLintock), Birmingham
Baynes D. (Kidsons Impey), London
Baynes D.G. (Arthur Andersen & Co), Cambridge
Beales C.M. (Price Waterhouse), London
Beard J.I.A. (Stoy Hayward), London
Beard J.P. (Phipp & Co), Nottingham
Beard K.P. (Touche Ross & Co.), London
Becker-Le Cerf S.J. (Grant Thornton), Manchester
Beckett D.L. (Grant Thornton), Milton Keynes
Bedford R.W. (Coopers & Lybrand Deloitte), London
Bedwell J.E. (KPMG Peat Marwick McLintock), London
Beechinor P.M. (Price Waterhouse), Manchester
Beer T.L. (Coopers & Lybrand Deloitte), Sheffield
*Beeston R. (Ernst & Young), Luton*
Beggerow G.K. (KPMG Peat Marwick McLintock), Birmingham
Beirne P. (Stoy Hayward), London
Belfield R.G. (Grant Thornton), Manchester
Bell G.L. (Neville Russell), London
Bell T.J. (Ernst & Young), Leeds
Beller J. (Stoy Hayward), London
Benest D.I.A. (Ernst & Young), Jersey
Bennell E.L. (Coopers & Lybrand Deloitte), London
Bennett A.G. (Ernst & Young), Edinburgh
Bennett S.M. (Grant Thornton), London
Bentley J.C. (Arthur Andersen & Co), London
Bentley R.J. (Coopers & Lybrand Deloitte), London
Benyon D.J. (Arthur Andersen & Co), Nottingham
Bergin M.G. (Nyman Libson Paul), London
Berridge P.F. (KPMG Peat Marwick McLintock), London
Berry N.S. (KPMG Peat Marwick McLintock), Cheltenham
Berry P.D. (Touche Ross & Co.), Leeds
*Bestley S.E. (Carter Nicholls), Croydon*
Beveridge A.P. (Coopers & Lybrand Deloitte), Norwich
Bewley A.J. (Coopers & Lybrand Deloitte), London
Bexley K.H. (MacIntyre Hudson), London
Beynon C.J. (KPMG Peat Marwick McLintock), Newcastle Upon Tyne
Bhatti P. (Michael Cross & Co), Wolverhampton
Bhatti R.S. (Barnes Roffe), London
Bhayani D.N. (Seodie Deyong), London
Bidgway S.M. (Coopers & Lybrand Deloitte), Leeds
Biggart M.W. (Touche Ross & Co.), London
Bignal R.A. (KPMG Peat Marwick McLintock), Bristol
Bija K.L. (Citroen Wells), London
Billingham R.A. (Price Waterhouse), Leeds
Billington C.W. (KPMG Peat Marwick McLintock), Nottingham
Billington E.W. (Price Waterhouse), London
Bilsland N.J.P. (Smith & Williamson), London
Birchall C.A. (KPMG Peat Marwick McLintock), Birmingham
Bird B.R. (Price Waterhouse), Cardiff
Bird R. (BDO Binder Hamlyn), London
Bischoff E.C. (Fraser & Russell), Watford
Bishop T. (Stoy Hayward), London
Bisson G.J. (Coopers & Lybrand Deloitte), Jersey
Black A.W.F. (Touche Ross & Co.), London
Black I.A. (Kidsons Impey), Liverpool
Black R.A. (KPMG Peat Marwick McLintock), Stoke-On-Trent
Blackbrow L.J. (KPMG Peat Marwick McLintock), London
Blain P.N. (Price Waterhouse), Middlesbrough
Blake R.E. (Coopers & Lybrand Deloitte), London
Blakeman A.P.M. (Touche Ross & Co.), London
Blakestone K. (Ernst & Young), Hull
Blakey L.J.F. (Spicer & Oppenheim), Manchester
Blankenback S. (Ernst & Young), Birmingham
Blanksby S.A. (Coopers & Lybrand Deloitte), London
Blatt T.J. (Coopers & Lybrand Deloitte), Croydon
Blazer J.C. (KPMG Peat Marwick McLintock), Reading
Bleathman C.R. (Pearson May & Co), Bath
*Bligh M.L. (Coopers & Lybrand Deloitte), London*
Bliss K. (Coopers & Lybrand Deloitte), Liverpool
Bloomfield K.M. (KPMG Peat Marwick McLintock), London
Bloor G.E. (Price Waterhouse), Manchester
Blom M. (Neville Russell), Sutton
Blundell R.C. (Ernst & Young), London
Boa W.A. (Ernst & Young), London
Bohan A.M. (Touche Ross & Co.), London
Boiling D. (McBrides), Sidcup
*Bolderson S. (Latham, Crossley & Davis), Chorley*
Bolland A.J.L. (BDO Binder Hamlyn), Birmingham
Bolt B.J. (KPMG Peat Marwick McLintock), Exeter
Bolton J. (Pulleyn Heselton), York
Bolwell M.A. (KPMG Peat Marwick McLintock), Milton Keynes
Bonnick K.S. (Ernst & Young), Sheffield
Booth A.W. (Pannell Kerr Forster), Liverpool
Booth J.E. (KPMG Peat Marwick McLintock), Manchester
Booth J.S. (Price Waterhouse), Birmingham
Boros A. (Touche Ross & Co.), Milton Keynes
Botha A.J. (Grant Thornton), Brighton
Bothwell J.A. (Price Waterhouse), London
Bottomley M. (Coopers & Lybrand Deloitte), Birmingham
Bottomley S. (Touche Ross & Co.), Birmingham
Boulton-Stone S.B. (Coopers & Lybrand Deloitte), Birmingham
Bourke M.W. (Price Waterhouse), London
Bowman T.C. (Coopers & Lybrand Deloitte), London
*Boyer S.E. (Kidsons Impey), Oxford*
Boyle G.P. (Coopers & Lybrand Deloitte), London
Boyle J.C. (Arthur Andersen & Co), London
Boyle M.R. (Spicer & Oppenheim), London
Brabin M.E.S. (KPMG Peat Marwick McLintock), London
Bracken J. (Arthur Andersen & Co), Leeds
Brackin R. (A. Allen & Son), Stockport
Braddock D.E. (Arthur Andersen & Co), Manchester
Bradley K.J. (Ernst & Young), London
Bradley M.E. (Coopers & Lybrand Deloitte), Bristol
*Bradley P. (Josolyne & Co), Macclesfield*
Bradshaw N.E. (Blackborn Graham), London
Braggs S.J. (Grant Thornton), Coventry
Braithwaite J.P. (Barber, Harrison & Platt), Sheffield
Brandon A.J. (Moore Stephens), London
Brar A. (KPMG Peat Marwick McLintock), Birmingham
Braviner W.E. (Price Waterhouse), Manchester
Bray D.S. (Ernst & Young), Cardiff
Bray R.K.G. (Coopers & Lybrand Deloitte), London
*Breckenridge G. (Coopers & Lybrand Deloitte), Liverpool*
Brett A. (KPMG Peat Marwick McLintock), London
Brewer I.P. (Barber, Harrison & Platt), Chesterfield
Brewster L. (Arthur Andersen & Co), London
Brian C.A. (Coopers & Lybrand Deloitte), London
Brian-Davis H.E. (Grant Thornton), Brighton
Briant P.J. (Arthur Andersen & Co), London
Brice J.A. (Hawsons), Sheffield
Bridge M. (Robson Rhodes), London
Bridgwater L.P. (Edwards Veeder), Oldham
Bristow D.E. (Ernst & Young), Southampton
Britten R.C. (Ernst & Young), London
Broad A.S. (Coopers & Lybrand Deloitte), Sheffield
Broadbent A. (KPMG Peat Marwick McLintock), Manchester
Broadbent R.M. (Grant Thornton), Southampton
Broadway P.N. (Touche Ross & Co.), London
Broekhuizen K.D. (Neville Russell), London
Bromley K.J. (Wenham Major), Birmingham
Brookes C.A. (Peter Riley & Co), Plymouth
*Brooks F.M. (KPMG Peat Marwick McLintock), London*
Brooks R.M.A. (Ernst & Young), London
Brooks-Johnson P.N. (Bryden, Johnson & Co), Croydon
Broom D.J. (Francis Clark), Newton Abbot
Brophy K.M. (Callingham Crane), Leatherhead
Broster D.A. (KPMG Peat Marwick McLintock), Birmingham
Brouder J. (Haines Watts), London
Brougham A.M. (Ernst & Young), London
Brown A.J. (Arthur Andersen & Co), Manchester
Brown A.R. (BDO Binder Hamlyn), London
Brown A.J. (Callingham Crane), London
Brown C.D. (Arthur Andersen & Co), London
Brown D. (Coopers & Lybrand Deloitte), Newcastle Upon Tyne
Brown J.F. (Touche Ross & Co.), London
Brown J.E. (Touche Ross & Co.), Crawley
Brown J. (Touche Ross & Co.), Bracknell
Brown L. (Coopers & Lybrand Deloitte), London
*Brown N.M. (KPMG Peat Marwick McLintock), Birmingham*
Brown P.S.M. (BDO Binder Hamlyn), Croydon
Brown P.A. (Arthur Andersen & Co), Manchester
Brown R.W. (Haines Watts), London
Brown S.G. (Touche Ross & Co.), Leeds
Brown S.L. (Newland, Mallett, Garner, Woodbury & Co), Bristol
Browne A.H. (Spicer & Oppenheim), Uxbridge
Browning N.C. (Stoy Hayward), London
*Brownlow S. (Cape & Dalgleish), London*
Bruford P.J. (Lyon Pilcher), Southampton
Brundell J.L. (J.R. Watson & Co), Northampton
Buck K.R. (KPMG Peat Marwick McLintock), Milton Keynes
Buckingham S. (KPMG Peat Marwick McLintock), London
Buckle I.D. (Ernst & Young), Newcastle Upon Tyne

C

Darlington
Chambers J.S. (KPMG Peat Marwick McLintock), Birmingham
Chan S.S. (KPMG Peat Marwick McLintock), Birmingham
Chan Yin L.H.F. (Rooke Holt), London
Chan Y.W.S. (Touche Ross & Co.), London
Chan Y.M.Y. (Arthur Andersen & Co), London
Chaplin K.E. (Price Waterhouse), London
*Chapman E.A. (KPMG Peat Marwick McLintock), London*
Chapman J.P. (Pannell Kerr Forster), Great Yarmouth
Chapman T.H. (Pannell Kerr Forster), Leeds
Chapple A.G. (KPMG Peat Marwick McLintock), Exeter
Charalambous E. (MacIntyre Hudson), London
Chard M.L. (KPMG Peat Marwick McLintock), Reading
Charlett D.J. (Ernst & Young), Southampton
*Charnock I. (BDO Binder Hamlyn), London*
Charters M.J. (Coopers & Lybrand Deloitte), Gloucester
Chatwood J.A. (Latham, Crossley & Davis), Chorley
Cheesewright A. (Coopers & Lybrand Deloitte), London
Cheetham M.R. (Ernst & Young), London
Cheetham M.D.J. (Price Waterhouse), Birmingham
Chen T.B. (MacIntyre Hudson), London
Cheung K.H. (Pridie Brewster), London
Chhabra R.C. (Moore Stephens), London
Chia A.H.L. (Blakemores), London
Chiappe J.P. (Grant Thornton), Bedford
Chien H.Y. (Touche Ross & Co.), London
Child E.J. (MacIntyre Hudson), Peterborough
Child S.J. (Pannell Kerr Forster), Leeds
Childs J.I. (Morton Thornton), St. Albans
Childs L.A. (Whyatt Pakeman Partners), Bristol
Childs T.D. (KPMG Peat Marwick McLintock), Maidstone
Chilver I.C.W. (Dixon Wilson), London
Chisholm J.A. (Coopers & Lybrand Deloitte), Leicester
Chishty K.S. (Ernst & Young), Birmingham
Chong C.H.Y. (Price Waterhouse), London
Chong D.E. (Touche Ross & Co.), London
Chopra R.K. (Pannell Kerr Forster), Guildford
Chowdary K.S. (KPMG Peat Marwick McLintock), Birmingham
Christie J.C. (Touche Ross & Co.), London
Christodoulou M.E. (Ernst & Young), Reading
Chrysuuk E. (Touche Ross & Co.), London
Churcher I.M. (Ernst & Young), Southampton
Churchouse R.J. (Price Waterhouse), London
Claber K.P. (Ernst & Young), Leicester
Clapperton R.M.E. (Price Waterhouse), Manchester
Clark A.J. (Coopers & Lybrand Deloitte), Sheffield
Clark C. (Voisey & Co.), Warrington
Clark D.J. (Blakemores), London
Clark I. (Pearson May & Co), Bath
Clark M.R. (Touche Ross & Co.), London
Clark M.A. (Ernst & Young), London
Clark N.R. (Coopers & Lybrand Deloitte), Cambridge
Clark R.J. (Halpern and Woolf), London
Clark S.L. (Clark Whitehill), London
Clarke C. (Coopers & Lybrand Deloitte), Bristol
Clarke M.J.S. (Touche Ross & Co.), London
Clarke M.J.O. (Coopers & Lybrand Deloitte), London
Clarke P.L. (Price Waterhouse), Leeds
Clarke R.S. (Barker, Hibbert & Co), Croydon
Clarke S.P. (Price Waterhouse), London
Clarke S.M. (BDO Binder Hamlyn), London
Clarkson S.J. (Grant Thornton), Aylesbury
Clays M.J. (Touche Ross & Co.), Birmingham
Clayton D.I. (Touche Ross & Co.), Manchester
Clayton N. (Touche Ross & Co.), Manchester
Cleal J.P. (Baker Tilly), Yeovil
Cleaver G.A. (Clark Whitehill), London
Clegg A.C.B. (Price Waterhouse), London
Clements J. (KPMG Peat Marwick McLintock), Birmingham
Clermont D.C. (Pannell Kerr Forster), Manchester
Cleverley A.J. (Price Waterhouse), Leeds
Clewer A.S. (Ernst & Young), Birmingham
*Cliff A.J. (Arthur Andersen & Co), Nottingham*
Clough I.D. (Ernst & Young), London
Clough J.G. (KPMG Peat Marwick McLintock), Chelmsford
Clough J.M. (Neville Russell), Leeds
Coates J.R.G. (Sheen Stickland), Alton
Cobb J.T. (Kingston Smith), London
Cockwell M.J. (KPMG Peat Marwick McLintock), Swansea
Coe J.D. (Ernst & Young), Luton
Cofie R.F. (Milne Ross), London
Cohen A.J. (Levy Gee), London
Cohen S.A. (Dixon Wilson), London
Colbourne J.A. (Coopers & Lybrand Deloitte), London
Cole D.J. (Touche Ross & Co.), Milton Keynes
Collinridge N.A. (Arthur Andersen & Co), London
Collins G.E. (Clement Keys Rabjohns), Birmingham
Colquhoun P.J. (Brebner, Allen & Trapp), London
Colvin P.J. (Touche Ross & Co.), London
Colwell J.C. (Ernst & Young), London
Connole E.K. (Touche Ross & Co.), Bristol
Connolly P.M. (Touche Ross & Co.), Manchester
Cook M.D. (Coopers & Lybrand Deloitte), Liverpool
Cook N.A. (Stoy Hayward), London
Cooke J.K. (Touche Ross & Co.), London
Cooklin S. (Coopers & Lybrand Deloitte), London
Cooper A.J. (Coopers & Lybrand Deloitte), Bristol
Cooper D.E.A. (Arthur Andersen & Co), Leeds
Cooper G.N. (Coopers & Lybrand Deloitte), Bristol
Cooper M.C. (Chantrey Vellacott), Croydon
*Cooper N.A. (KPMG Peat Marwick McLintock), Leicester*
Copson S. (Sharles & Co), London
Corbett B.J. (KPMG Peat Marwick McLintock), London
Corden A.R. (Ernst & Young), London
Cornish P.R. (Ernst & Young), Manchester
Cory N.D. (Coopers & Lybrand Deloitte), Croydon

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# The Institute of Chartered Accountants in England and Wales

## Results of Professional Examination 2 held in July 1991

### List of Successful Candidates

Grundey P. (Barber, Harrison & Platt), Sheffield
Grut H.E. (Acklands Bunker), Bristol
Grocott S. (Blick Rothenberg), London
Gross P.R. (Myers Clark), Watford
Grosse D.J. (Coopers & Lybrand Deloitte), Maidstone
Groves L.M. (KPMG Peat Marwick McLintock), St. Albans
Guerrini E.J.L. (KPMG Peat Marwick McLintock), London
Gulamhusein M.M. (Shelley Stock Hutter), London
Gunasekera S.M. (Price Waterhouse), London
Guppy P.J. (Ernst & Young), London
Gupta S. (KPMG Peat Marwick McLintock), London
Gurney C.A. (KPMG Peat Marwick McLintock), Plymouth
Gurney M.S. (Solomon Hare), Bristol

H

Hack J.J. (Dendy Neville Gradons), Maidstone
Haddock M.S. (Arthur Andersen & Co), Cambridge
Haddow K.A. (Ernst & Young), Cambridge
Haggard T.M.D. (KPMG Peat Marwick McLintock), London
Hagger J.D.C. (KPMG Peat Marwick McLintock), London
Haigh A.P. (Ernst & Young), Manchester
Haji I.A. (Kidsons Impey), London
Halbard C.N. (Arthur Andersen & Co), Nottingham
Halcrow M.D. (Arthur Andersen & Co), London
Haley J.K. (KPMG Peat Marwick McLintock), Huddersfield
Hall C.A. (KPMG Peat Marwick McLintock), Leicester
Hall C.R. (Coopers & Lybrand Deloitte), London
Hall E.G. (Brebner, Allen & Trapp), London
Hall K.R.R. (KPMG Peat Marwick McLintock), Cardiff
Hall R.P. (KPMG Peat Marwick McLintock), Chelmsford
Hall S. (Arthur Andersen & Co), Leeds
Hall S.L. (Coopers & Lybrand Deloitte), Manchester
Halliday P. (Coopers & Lybrand Deloitte), Birmingham
Hall-Palmer N.C. (Richardsons), Thame
Halton A.M. (Ernst & Young), London
Halton I.M. (Robson Rhodes), Leeds
Ham J. (H.W. Fisher & Company), London
Hambling J.M. (KPMG Peat Marwick McLintock), Leeds
Hamer A.W. (Silver Altman), London
Hamilton C.L. (Keelings), London
Hamilton S.I. (Price Waterhouse), Newcastle Upon Tyne
Hamilton-Meikle J.P. (Touche Ross & Co.), London
Hamlin R.M. (Milne Ross), London
Hammond C.F. (Touche Ross & Co.), Dartford
Hammond S. (Touche Ross & Co.), London
Hammonds H. (Price Waterhouse), Birmingham
Hannan J.S. (Escott Worrall), Burnham
Hardcastle T.W. (BDO Binder Hamlyn), Bury St.Edmunds
Harding M.H. (Price Waterhouse), Southampton
Hardman H.M. (Coopers & Lybrand Deloitte), London
Hardman P.M.L. (Coopers & Lybrand Deloitte), London
Hardwick J. (Wilkins Kennedy), Orpington
Hardy A.J. (BDO Binder Hamlyn), Croydon
Hare J.A. (Price Waterhouse), Newcastle Upon Tyne
Hargrave I.G. (Kingston Smith), London
Harnetty A.J. (Ernst & Young), London
Harney V.J. (Chadwick & Co), Liverpool
Harper B.J. (Gerald Edelman), London
Harris B.J. (Grant Thornton), London
Harris J.A. (Pannell Kerr Forster), London
Harris M.D. (Price Waterhouse), London
Harris M.R. (Touche Ross & Co.), London
Harris N.B. (Coopers & Lybrand Deloitte), London
Harris R.W. (Coopers & Lybrand Deloitte), Birmingham
Harris R.J. (KPMG Peat Marwick McLintock), Bristol
Harris R.G. (Coopers & Lybrand Deloitte), Cardiff
Harris V.J. (Coopers & Lybrand Deloitte), London
Harris W.A. (Coopers & Lybrand Deloitte), Northampton
Harris Y.M. (KPMG Peat Marwick McLintock), Milton Keynes
Harrison D.J.A. (Touche Ross & Co.), London
Harrison J.G. (Coopers & Lybrand Deloitte), Bristol
Harrison S.J. (McCabe Ford & Williams), Canterbury
Harrison T.J. (Ernst & Young), Luton
Harrold F.J. (Price Waterhouse), Bristol
Harrop N.C. (Grant Thornton), Manchester
Hart A.J. (Beer Aplin), Exeter
Hart P.A. (Touche Ross & Co.), London
Harte W.N.B. (Coopers & Lybrand Deloitte), Birmingham
Hartley F. (Ernst & Young), Manchester
Hartley J.P. (Beever & Struthers), Manchester
Hartley J.P. (Grant Thornton), Sheffield
Harvey M.R. (Menzies), Walton-On-Thames
Harwood L.H. (Gruber Levinson Franks), Manchester
Haskins N. (Coopers & Lybrand Deloitte), Nottingham
Hasnadeen R. (Coopers & Lybrand Deloitte), London
Hassepan D.S. (Arthur Andersen & Co), Reading
Haughey J.R. (Touche Ross & Co.), Leeds
Hawdon S.G. (KPMG Peat Marwick McLintock), Bristol
Hawkins A.P. (Clark Whitehill), High Wycombe
Hawkins J.M. (KPMG Peat Marwick McLintock), Cardiff
Hawkins K.A. (Coopers & Lybrand Deloitte), Uxbridge
Hay M.D. (KPMG Peat Marwick McLintock), Sheffield
Hay S. (Franklin), London
Hay S.J. (KPMG Peat Marwick McLintock), London
Haycock R.O. (KPMG Peat Marwick McLintock), Poole
Hayes A.P. (Kidsons Impey), London
Hayes I.M. (Smith Cooper & Partners), Mansfield
Haynes B.J.M. (KPMG Peat Marwick McLintock), London
Haynes F.M. (Coopers & Lybrand Deloitte), Birmingham
Hayton J.P. (MacIntyre Hudson), Birmingham
Hayward C.L. (Pannell Kerr Forster), Birmingham
Hayward S.J. (Coopers & Lybrand Deloitte), London
Hazeldine S.N. (Ernst & Young), Cardiff
Heath A.J. (KPMG Peat Marwick McLintock), Derby
Heaton P.G. (KPMG Peat Marwick McLintock), Preston
Heaton R.F. (Arthur Andersen & Co), Manchester
Heavens N.J. (Giffard Taylor & Co.), Chippenham
Hedges D.W. (Ernst & Young), Luton
Hegger C. (Ayres Bright Vickers), Worthing
Heffernan M.M. (Halpern and Woolf), London
Heffron C.P. (Coopers & Lybrand Deloitte), Portsmouth
Helm J.M.M. (Spicer & Oppenheim), London
Hemsley G. (Neville Russell), Brighton
Hennigan J.A. (KPMG Peat Marwick McLintock), Leicester
Henry J.D. (KPMG Peat Marwick McLintock), Cheltenham
Henry M.P. (Arthur Andersen & Co), London
Herbert S.A. (Finnie & Co.), London
Heron A.S. (Grant Thornton), Bedford
Heskin A.P. (Grant Thornton), Leicester
Hewett P.E.K. (Coopers & Lybrand Deloitte), Birmingham
Hey S.M. (Fraser & Russell), London
Hibbert K.L. (KPMG Peat Marwick McLintock), London
Hicks S.A. (Day, Smith & Hunter), Tunbridge Wells
Hickson A.J. (Touche Ross & Co.), Bristol
Higgins A.S.E. (Littlejohn Frazer), London
Higgins J.A. (Ernst & Young), Reading
Higgs A.C. (Coopers & Lybrand Deloitte), London
Higham J.P. (Coopers & Lybrand Deloitte), Manchester
Highton A.C. (Coopers & Lybrand Deloitte), London
Hill A. (Spicer & Oppenheim), London
Hill C.J. (Arthur Andersen & Co), London
Hill G.R. (J.N. Straughan & Co), Washington
Hill M.J. (Finnie & Co.), Ewell
Hill P.J.P. (Pannell Kerr Forster), Guildford
Hill S.L. (KPMG Peat Marwick McLintock), Birmingham
Hill S.C. (Grant Thornton), Aylesbury
Hill S.J.A. (Price Waterhouse), Cardiff
Hillman K.J.N. (Price Waterhouse), Hull
Hillier R.A. (Coopers & Lybrand Deloitte), London
Hills A.K. (Lentells), Taunton
Hills H.C. (Monahans), Swindon
Hills S.J. (Price Waterhouse), Leeds
Hilton P.A. (Grant Thornton), High Wycombe
Hinchley A.J. (Price Waterhouse), Leeds
Hindmarch M.T. (Stoy Hayward), London
Hingston P.A. (KPMG Peat Marwick McLintock), St. Albans
Hirst A.P. (KPMG Peat Marwick McLintock), Leicester
Hirst G.M. (Coopers & Lybrand Deloitte), Leeds
Hirst J. (Coopers & Lybrand Deloitte), London
Ho F.P.F. (Blick Rothenberg), London
Ho K.M. (John Ford & Co), London
Hodge C.J. (Easterbrook, Eaton & Co), Sidmouth
Hodges D.C. (McBrides), Sidcup
Hodgkinson L. (Arthur Andersen & Co), Bristol
Hodgson C. (BDO Binder Hamlyn), London
Hodgson J.N. (Coopers & Lybrand Deloitte), Reading
Hodgson N. (KPMG Peat Marwick McLintock), Maidstone
Hodgson S.A. (Coopers & Lybrand Deloitte), London
Hodson R.D. (KPMG Peat Marwick McLintock), Cardiff
Hodsdon M. (Donald Reid & Co), Maidenhead
Hoe J. (Robson Rhodes), Manchester
Hogg C.D. (Touche Ross & Co.), Nottingham
Holden E.M. (Ernst & Young), Leeds
Holdich C.L. (Ernst & Young), Bristol
Hollett A.D. (Coopers & Lybrand Deloitte), Bristol
Holley D. (Touche Ross & Co.), London
Holliday S.C. (Touche Ross & Co.), London
Holloway C.M. (Ernst & Young), London
Holloway S.M. (Clarke), Slough
Holloway A.P. (Coopers & Lybrand Deloitte), Plymouth
Hollyer T.S. (KPMG Peat Marwick McLintock), Canterbury
Holmes A.S. (Coopers & Lybrand Deloitte), Leeds
Holmes J.V.P. (Coopers & Lybrand Deloitte), London
Holmes M.P. (KPMG Peat Marwick McLintock), Bradford
Holmes P.A. (Roddis Taylor Robinson), Sheffield
Holmes M.C. (Saffery Champness), London
Holt S.E. (Coopers & Lybrand Deloitte), Manchester
Holwell W.P. (Coopers & Lybrand Deloitte), London
Homer A.M. (Norrie Stokes & Perrett), Tonbridge
Honey K.M. (Arthur Andersen & Co), Bristol
Hook F.M. (KPMG Peat Marwick McLintock), Bristol
Hook M.O. (Harman & McGillivray), London
Hooper C. (Barron Rowles Bass), Bromley
Hooper W.J. (Price Waterhouse), London
Hooton M.F. (Kidsons Impey), London
Hope M.A. (Price Waterhouse), Manchester
Horgan H.R. (KPMG Peat Marwick McLintock), London
Horner G. (KPMG Peat Marwick McLintock), London
Hornsby M. (Price Waterhouse), London
Horsfall R. (Coopers & Lybrand Deloitte), London
Horsley C. (Pannell Kerr Forster), London
Horswell N.R. (BDO Binder Hamlyn), Bury St.Edmunds
Hoscin P.E. (Price Waterhouse), London
Hosp P.J. (Robson Rhodes), Crawley
Hough J.D. (KPMG Peat Marwick McLintock), London
Hougham D.P. (KPMG Peat Marwick McLintock), London
Houghton R.D. (Touche Ross & Co.), London
Houghton R.A. (Menzies), Slough
Houghton S.L. (KPMG Peat Marwick McLintock), Maidstone
Howard P.J. (Pannell Kerr Forster), Worcester
Howe G.J. (KPMG Peat Marwick McLintock), Cambridge
Howell F.C. (KPMG Peat Marwick McLintock), London
Howell M.J.A. (Price Waterhouse), Nottingham
Howell R. (Wilkins Kennedy), Orpington
Howells A.S. (Price Waterhouse), London
Howse P.K. (Touche Ross & Co.), Southampton
Hoyle R.M. (Price Waterhouse), London
Hudd D.J. (Mitchell Charlesworth), Liverpool
Hughes G.D. (Latham, Crossley & Davis), Chorley
Hughes J.F. (Price Waterhouse), Birmingham
Hughes J. (Ernst & Young), London
Hughes J.A. (Coopers & Lybrand Deloitte), Nottingham
Hughes S.A. (Coopers & Lybrand Deloitte), London
Hui Chung Cheong M.C.S. (Coopers & Lybrand Deloitte), London
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Hull C.J. (Price Waterhouse), Manchester
Hulme C.M. (Longcrofts), London
Hulme S.D. (Coopers & Lybrand Deloitte), London
Humphries P.D. (Price Waterhouse), Leicester
Hunt A.J. (Robson Rhodes), Bristol
Hunt C.E. (Reads & Co), London
Hunt L.A. (Sheen Stickland), Farnborough
Hunt N.D. (Coopers & Lybrand Deloitte), Leeds
Hunt S.A.R. (Price Waterhouse), Birmingham
Hunt T.J. (KPMG Peat Marwick McLintock), Preston
Hurst P.H. (Coopers & Lybrand Deloitte), London
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Hutchings M.A. (KPMG Peat Marwick McLintock), Liverpool
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Hyett G.J. (Arthur Andersen & Co), Nottingham
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I

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Ingham N.L. (KPMG Peat Marwick McLintock), Cardiff
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Jackson K.L. (KPMG Peat Marwick McLintock), Sheffield
Jackson N.C. (Price Waterhouse), London
Jackson P.E. (Bland Fielden), Colchester
Jackson S.M. (Stoy Hayward), London
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Jeeban S.J. (Touche Ross & Co.), Birmingham
Jeffels S.L. (Arthur Andersen & Co), Manchester
Jefferies S.J. (Ernst & Young), Birmingham
Jefferis W.J. (Monahans), Swindon
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Johnson C.B. (Vandenburghs), London
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Johnson K.E. (Stoy Hayward), London
Johnson M.J. (KPMG Peat Marwick McLintock), London
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Jones J.A. (Ernst & Young), Luton
Jones J.C. (Robson Rhodes), London
Jones K.A. (Wingate & Partners), London
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Jones M. (Price Waterhouse), Leicester
Jones N.S. (Rawlinsons), Peterborough
Jones R.A. (Malpas Simmons), Bournemouth
Jones R.C.M. (Coopers & Lybrand Deloitte), Newcastle Upon Tyne
Jones R.P. (Harrison Hill Castle & Co.), Bromley
Jones R.I. (Price Waterhouse), Leicester
Jones S.W. (Kidsons Impey), Liverpool
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Joyce P.C. (Coopers & Lybrand Deloitte), Newcastle Upon Tyne
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Junaid M. (Hacker Young), Manchester

K

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Kaye A.J. (Lubbock Fine), London
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Keeley S.R. (Robson Rhodes), Leeds
Keen D.J. (Coopers & Lybrand Deloitte), London
Keen S.V. (Spicer & Oppenheim), Uxbridge
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Keenan A.W. (Simmons Cohen Fine), London
Keith L. (Coopers & Lybrand Deloitte), London
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Kelly B.M. (Touche Ross & Co.), London
Kelly C. (Touche Ross & Co.), London
Kelly N.J. (KPMG Peat Marwick McLintock), London
Kelsall C.J. (KPMG Peat Marwick McLintock), Manchester
Kemp N.W. (Coopers & Lybrand Deloitte), London
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Kendrick J.E. (KPMG Peat Marwick McLintock), Manchester
Kennard S.M.J. (Touche Ross & Co.), London
Kennett M.W. (Ernst & Young), Birmingham
Kent H.M. (Coopers & Lybrand Deloitte), Southampton
Kentisbeer M.R. (Coopers & Lybrand Deloitte), London
Kerr A. (BDO Binder Hamlyn), St. Albans
Kerr C.A. (Price Waterhouse), London
Kershaw A.M. (Coopers & Lybrand Deloitte), Liverpool
Kershaw C.A. (KPMG Peat Marwick McLintock), Manchester
Khan A.H. (Gainsford Elliott & Co.), London
Khanbabi F. (Grant Thornton), London
Khor Y.T. (Grant Thornton), London
Khosla A. (Wilson Green), London
Kidd J.C.N. (KPMG Peat Marwick McLintock), Newcastle Upon Tyne
Kidney A.N. (F.W. Stephens & Co.), London
Kiernan P.R. (Touche Ross & Co.), London
Killick J.A.H. (Ernst & Young), Exeter
Kimber N.J. (Littlejohn Frazer), London
Kinchesh J. (BDO Binder Hamlyn), London
Kindersley D.M. (Coopers & Lybrand Deloitte), London
King A.P. (Price Waterhouse), London
King N.M. (BDO Binder Hamlyn), London
King N. (Coopers & Lybrand Deloitte), Manchester
King S.T. (Josolyne & Co), Macclesfield
King S. (Moores Rowland), London
King S.J. (KPMG Peat Marwick McLintock), Southampton
King S.M. (Coopers & Lybrand Deloitte), Nottingham
King V. (Casson Beckman), London
Kinnison R.C.A. (Grant Thornton), London
Kirby A.M. (Price Waterhouse), Hull
Kirtland R.M. (Critchleys), Thame
Kirven D. (Price Waterhouse), Hull
Kissack M. (Touche Ross & Co.), London
Kitchener J.C. (Touche Ross & Co.), London
Kitching N.C. (KPMG Peat Marwick McLintock), Sheffield
Klitou M.A. (Halpern and Woolf), London
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Knight C.J. (Moore Stephens), Enfield
Knight P.G. (KPMG Peat Marwick McLintock), London
Knight R.A.R. (Cooper Lancaster), London
Kockelbergh M.C. (Barnes Roffe), Uxbridge
Koech M.K. (Ernst & Young), London
Kong A.S.C. (Touche Ross & Co.), London
Kong S.C. (Price Waterhouse), London
Kooi R.T.L. (Auckland Goddard Hampson & Swain), Windsor
Koppa R. (H.W. Fisher & Company), London
Kotecha R. (Coopers & Lybrand Deloitte), London
Kovacs S. (Touche Ross & Co.), Milton Keynes
Kramer N.M. (KPMG Peat Marwick McLintock), London
Krause J.A. (BDO Binder Hamlyn), Manchester
Krishnan R.S. (KPMG Peat Marwick McLintock), London
Kunz C.J. (Midgley, Snelling & Co), Weybridge
Kwan M.K.Y. (Leigh Carr), London
Kwok B.K.B. (Coopers & Lybrand Deloitte), Southampton
Kwok J.O.Y. (Blick Rothenberg), London

L

Lacey R.A. (Price Waterhouse), Southampton
Ladva D.L. (Wilson Wright & Co), London
Lai K. (Sheen Stickland), Chichester
Lai Pat Fong J. (Coopers & Lybrand Deloitte), London
Lai Y.H.E. (Ernst & Young), London
Lalloo A.R. (Coopers & Lybrand Deloitte), London
Lamb S.H. (Coopers & Lybrand Deloitte), Southampton
Lambert A. (Coopers & Lybrand Deloitte), London
Lambert A.K.R. (Price Waterhouse), Manchester
Lambert J. (Ernst & Young), London
Lancaster G.M. (Coopers & Lybrand Deloitte), London
Lander T.J. (KPMG Peat Marwick McLintock), Leicester
Lane P.B. (Whiting & Partners), Bury St.Edmunds
Lane P.E. (Ernst & Young), Reading
Lane S.J.R. (Coopers & Lybrand Deloitte), London
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Langlands D.R. (KPMG Peat Marwick McLintock), London
Langley S.A. (BDO Binder Hamlyn), London
Langmaid S.P. (Bromhead & Co.), Plymouth
Langton P.F.T. (Rawlinson & Hunter), London
Lansdell P.M. (Ernst & Young), Bristol
Lapwood J.A. (Moores Rowland), Chelmsford
Lari B. (Robson Rhodes), London
Lask H.A. (Lubbock Fine), London
Latham L.J. (Price Waterhouse), London
Latimer F.K. (Ernst & Young), London
Laurel S.A. (Touche Ross & Co.), Leicester
Laver F.A. (Touche Ross & Co.), London
Law F.Y. (Slater, Chapman & Cooke), London
Law S.J.S. (Pannell Kerr Forster), London
Lawler M.A. (Ernst & Young), Birmingham
Lawrence G.N. (Keith Robinson & Co), Middlesbrough
Lawrence M.H. (Hacker Young), Bristol
Laws C. (KPMG Peat Marwick McLintock), Birmingham
Lawson M.J. (Chantrey Vellacott), London
Lawton C.L. (Jolliffe Cork & Co), Wakefield
Laxton K.E. (Coopers & Lybrand Deloitte), Reading
Lazarou C.S. (Norman J. Wigley & Partners), Walsall
Le Couilliard J. (Price Waterhouse), London
Le Hegarat R.F. (BDO Reads), Guernsey
Lea A. (Kidsons Impey), London
Lee D.J. (Coopers & Lybrand Deloitte), Cardiff
Lee J.M. (Touche Ross & Co.), Newport
Lee L.M. (Bourner Bullock), London
Lee R.M. (Citroen Wells), London
Lee R.L. (KPMG Peat Marwick McLintock), London
Leech C.M. (Ernst & Young), Bristol
Leedham S.A. (Ernst & Young), Manchester
Lefebure N.J. (Price Waterhouse), Nottingham
Leigh J.A.H. (KPMG Peat Marwick McLintock), Brighton
Lenton M. (Arthur Andersen & Co), London
Leong D.T.K. (Stoy Hayward), London
Leung H.Y. (Knox Cropper), London
Leung S.S.S. (Touche Ross & Co.), London
Levoir M.J. (KPMG Peat Marwick McLintock), Bristol
Lewis A.B. (Coopers & Lybrand Deloitte), London
Lewis D.H. (Stoy Hayward), London
Lewis J.B. (Whittingham, Riddell & Co), Shrewsbury
Leworthy R.A. (KPMG Peat Marwick McLintock), Cardiff
Liddell G.G. (Touche Ross & Co.), Leeds
Liddell P. (Ernst & Young), Newcastle Upon Tyne
Lill A.M. (Ernst & Young), Manchester
Lim C. (Bright Grahame Murray), London
Lim D.S.C. (Leigh Carr), London
Lim J.C. (Grant Thornton), High Wycombe
Lindley J.C. (KPMG Peat Marwick McLintock), Birmingham
Lindley P.R. (Coopers & Lybrand Deloitte), London
Lindsey M.C.H. (Solomon Hare), Chippenham
Lindsey S.N.M. (KPMG Peat Marwick McLintock), Southampton
Lines A.M. (H.W. Fisher & Company), London
Liney D. (Touche Ross & Co.), London
Linsley S.E. (Kidsons Impey), London
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Litchfield A.J. (Ernst & Young), Birmingham
Little J.M. (Price Waterhouse), Windsor
Little S.A. (Finnie & Co.), London
Littlehales T.R.G. (Arthur Andersen & Co), London
Littlewood M. (KPMG Peat Marwick McLintock), Guildford
Livermore V.A. (Ernst & Young), Birmingham
Livesey C.A. (Grant Thornton), Manchester
Living J.E. (Robson Rhodes), London
Livsey S.H. (Baker Tilly), London
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Lloyd R. (Nyman Libson Paul), London
Lockyer K. (Levy Gee), London
Lofty F.J. (KPMG Peat Marwick McLintock), Brighton
Logan J. (Price Waterhouse), London
Logsdon P.N. (Ernst & Young), Norwich
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Lombard I.M. (Touche Ross & Co.), London
Lonergan M.J. (Coopers & Lybrand Deloitte), Manchester
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Longfield S.J. (Arthur Andersen & Co), Leeds
Longster J.M. (Ernst & Young), London
Lonnen D.S.M. (Touche Ross & Co.), Bristol
Loosley C. (Sheen Stickland), Chichester
Lord C.J. (Chadwick & Co), Manchester
Loughlin A.M. (Richardson, Hall, Kennedy & Co), Gateshead
Loughran S.J. (Coopers & Lybrand Deloitte), Newcastle Upon Tyne
Loughridge S.J. (KPMG Peat Marwick McLintock), Bradford
Love T.A. (Leach Bright), Guildford
Loveday M.C. (Price Waterhouse), London
Low K.W. (Jayson Arnold & Fowell), London
Lowe R. (Kidsons Impey), Lerwick
Lowe S.C. (Coopers & Lybrand Deloitte), London
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Lynch R.V. (Ernst & Young), London

M

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Mackinlay C. (Robson Rhodes), Rochester
Mackinnon I.A. (Acklands Bunker), Bristol
McKrell M.N. (Grant Thornton), Luton
McLean A.D. (Coopers & Lybrand Deloitte), London
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McManus F.J. (Rayner Essex), St. Albans
McMillan J.M. (Arthur Andersen & Co), London
McMullan P. (Coopers & Lybrand Deloitte), London
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Macready J. (Coopers & Lybrand Deloitte), Liverpool
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Maher R.V. (Coopers & Lybrand Deloitte), Liverpool
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Mahoney P.J. (Ernst & Young), Norwich
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Majithia R. (A.J. Patel & Co), London
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Makin S. (Grant Thornton), Crawley
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Malzer N.J. (MacIntyre Hudson), London
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Manderfield A.R. (Streets & Co), Lincoln
Mann C.R. (Solomon Hare), Bristol
Mann D. (KPMG Peat Marwick McLintock), York
Mann N.S. (Ernst & Young), Birmingham
Mann S.A. (Touche Ross & Co.), Manchester
Mann T.D. (Ernst & Young), London
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Mannion M. (KPMG Peat Marwick McLintock), Southampton
Manns E.J. (Jennings Johnson), Sunderland
Mansfield T.B. (O'Brien & James), Pontypridd
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Markillie H.C. (Touche Ross & Co.), Cardiff
Marks S.J.W. (KPMG Peat Marwick McLintock), Birmingham
Marks W.J. (Kidsons Impey), Birmingham
Markwick H. (KPMG Peat Marwick McLintock), Manchester
Marriott A. (Neville Russell), Bristol
Marriott J. (H.L. Barnes & Sons), Coventry
Marsden K.E. (James Worley & Sons), Kingston-Upon-Thames
Marsh D.L. (Ernst & Young), London
Marsh S.G. (BDO Binder Hamlyn), Birmingham
Marsh S.N.B. (Cooper Lancaster), London
Marsh S.P. (Haines Watts), Birmingham
Marshall D.R. (Buckle Barton), Leeds
Marshall E.K. (KPMG Peat Marwick McLintock), Reading
Marshall G. (Landin Wilcock & Co), Sheffield
Martin B.J. (Menzies), Kingston-Upon-Thames
Martin C.L. (Clement Keys Rabjohns), Birmingham
Martin C.R. (Moores Rowland), London
Martin C.P. (Blick Rothenberg), London
Martin D.R. (Arthur Andersen & Co), London
Martin N.G. (Arthur Andersen & Co), London
Martin P.R. (Coopers & Lybrand Deloitte), London
Martin P. (Saffery Champness), London
Martin R.V.W. (BDO Binder Hamlyn), Newbury
Martin S.V. (Brewers), London
Martin Y. (Price Waterhouse), Southampton
Martyn H.G. (Price Waterhouse), London
Mason D. (Coopers & Lybrand Deloitte), Nottingham
Mason K. (Ernst & Young), Cambridge
Massey A.E. (Price Waterhouse), Hull
Masters D.J. (Coopers & Lybrand Deloitte), London
Masters P. (Coopers & Lybrand Deloitte), London
Maton C. (Touche Ross & Co.), Cambridge
Mattey S. (Stoy Hayward), London
Matthews D.P. (Coopers & Lybrand Deloitte), Leeds
Matthews R.J. (Price Waterhouse), London
Mattingley R.C. (Roberts McLennan), Woking
Maudsley C.S. (Booth Ainsworth), Cheadle
Maughan G.M. (King, Hope & Co), Darlington
Mavrommatis I.J.P. (Coopers & Lybrand Deloitte), London
Maxfield A.J. (Robson Rhodes), Cambridge
Maxwell R.J.A. (Spicer & Oppenheim), London
Mayor H.J. (Clark Whitehill), London
Mbanefo A.U. (KPMG Peat Marwick McLintock), Birmingham
Meadows C.J. (Spicer & Oppenheim), Nottingham
Meason F.R. (Pannell Kerr Forster), London
Meek I. (BDO Binder Hamlyn), Leeds
Meghjee M. (Lester Luer), London
Melbourne H. (Pannell Kerr Forster), London
Melbourne J. (Littlejohn Frazer), London
Melling S.E. (Price Waterhouse), Manchester
Menelaou R. (Sharles & Co), London
Menon K.S. (Shipley Blackburn), London
Merriman A.J. (Stoy Hayward), London
Merton J.L. (Touche Ross & Co.), London
Mesher A. (Price Waterhouse), Bristol
Metcalf J.R. (Ernst & Young), Southampton
Metcalf N.J. (Ernst & Young), Bristol
Millar A. (Neville Russell), Bristol
Millard L.C. (Coopers & Lybrand Deloitte), Reading
Miller A.I. (Price Waterhouse), London
Miller A.G. (Hacker Young), London
Miller D.B. (Pannell Kerr Forster), London
Miller D.H. (Coopers & Lybrand Deloitte), Southampton
Miller J.E. (Ernst & Young), Manchester
Miller J.L. (Littlejohn Frazer), London
Miller M.N. (KPMG Peat Marwick McLintock), Leeds
Miller S.J. (Touche Ross & Co.), London
Mills A.N. (Coopers & Lybrand Deloitte), Birmingham
Mills S.J. (Stoy Hayward), Manchester
Milne R.J.C. (Touche Ross & Co.), London
Milnor L.R. (KPMG Peat Marwick McLintock), Keighley
Miotla J.A. (Arthur Andersen & Co), London
Mitchel J.O. (Touche Ross & Co.), London
Mitchell A.J. (Touche Ross & Co.), Cardiff
Mitchell A.G. (Ernst & Young), London
Mitchell G.J. (Ernst & Young), Bristol
Mitchell G.J. (Pannell Kerr Forster), Worcester
Mitchell I.J. (BDO Binder Hamlyn), London
Mitchell P.A. (Blackborn Graham), London
Mitchell W.J. (KPMG Peat Marwick McLintock), London
Modi N. (Abdulla Kassim-Lakha & Co.), London
Modlen A.J. (Price Waterhouse), Leicester
Mohindra M. (Kay, Johnson, Gee & Co), Manchester
Molony D.J. (Stoy Hayward), London
Monaghan J.P. (Price Waterhouse), Leeds
Montague R.J. (Coopers & Lybrand Deloitte), London
Montgomery B.J. (Cooper-Parry, Watson, Sowter & Co), Derby
Moody A. (Touche Ross & Co.), Nottingham
Moon S.M. (Wilson, de Zouche & Mackenzie), Liverpool
Moore A.M. (Price Waterhouse), Bristol
Moore C.J. (Arthur Andersen & Co), Bristol
Moore D.J. (KPMG Peat Marwick McLintock), London
Moore D.H. (Coopers & Lybrand Deloitte), Birmingham
Moore D.J. (Kidsons Impey), Birmingham
Moore M.G. (Coopers & Lybrand Deloitte), Cambridge
Moore N. (KPMG Peat Marwick McLintock), Birmingham
Moore R. (Ernst & Young), London
Moore S.A. (KPMG Peat Marwick McLintock), Hull
Morgan A.R.J. (KPMG Peat Marwick McLintock), Cardiff
Morgan H.O. (Grant Thornton), Cardiff
Morgan I.H. (KPMG Peat Marwick McLintock), Southampton
Morgan J.M. (Price Waterhouse), Manchester
Morgan L. (Touche Ross & Co.), Liverpool
Morgan N. (Touche Ross & Co.), Birmingham
Morgan P.J. (Coopers & Lybrand Deloitte), London
Morgan T.C. (Ernst & Young), Cardiff
Morgan-Jones R. (Touche Ross & Co.), Liverpool
Morley I. (Touche Ross & Co.), Bristol
Morley T.J. (Coopers & Lybrand Deloitte), London
Morley-Fletcher M.F. (Ernst & Young), London
Morphet B.Y. (Coopers & Lybrand Deloitte), London
Morris D.M. (Price Waterhouse), Birmingham
Morris H.L. (Ernst & Young), Bristol
Morris J.R. (Coopers & Lybrand Deloitte), Cardiff
Morris J.T. (KPMG Peat Marwick McLintock), Plymouth
Morris N.F. (BDO Binder Hamlyn), London
Morrissey J.A. (Coopers & Lybrand Deloitte), Middlesbrough
Morris Smith T.J. (Lewis Brownlee), Chichester
Morse S.H. (Coopers & Lybrand Deloitte), London
Moses K. (Stoy Hayward), Manchester
Moses N.H. (Price Waterhouse), London
Moss A.J. (Finnie & Co.), London
Moss A. (Coopers & Lybrand Deloitte), London
Moss K.R. (Robson Rhodes), Bristol
Mottram A.J. (Price Waterhouse), Nottingham
Mountain D.C. (Coopers & Lybrand Deloitte), London
Moustafa S.M. (Beechams), London
Moxon J.D. (Coopers & Lybrand Deloitte), London
Moye A.L. (Coopers & Lybrand Deloitte), Birmingham
Mpande F. (Ernst & Young), Leeds
Mugford S.R. (Touche Ross & Co.), London
Mulea A. (Ernst & Young), London
Mullarkey V.J. (Allen Baldry), Guildford
Muller M.F. (Coopers & Lybrand Deloitte), Croydon
Mullins A.R. (Coopers & Lybrand Deloitte), London
Mulvehill P. (Coopers & Lybrand Deloitte), Birmingham
Mundin E.M. (KPMG Peat Marwick McLintock), Northampton
Munro C.E. (Ernst & Young), London
Murgatroyd A. (Landin Wilcock & Co), Sheffield
Murray A. (Ernst & Young), London
Murray M.D. (Touche Ross & Co.), Manchester
Murray-Brown J.J. (BDO Binder Hamlyn), London
Musgrove T.J. (Coopers & Lybrand Deloitte), Reading
Musson G.K. (KPMG Peat Marwick McLintock), Southampton
Muxworthy D.J. (Price Waterhouse), Bristol
Myanger Y. (Spain Brothers & Co), Maidstone
Myers H. (KPMG Peat Marwick McLintock), London
Myles S. (Ernst & Young), Southampton

N

Naglik A. (Wilkins Kennedy), London
Nagy T.J. (KPMG Peat Marwick McLintock), London
Naik R. (Leigh, Sorene & Lawson), London
Naish S.J. (Coopers & Lybrand Deloitte), Maidstone
Nand-Lal A.P. (KPMG Peat Marwick McLintock), Oxford
Nash S.A. (Ernst & Young), London
Naughton S.E. (Arthur Andersen & Co), London
Navaratnam R. (Touche Ross & Co.), Dartford
Naylor J.F. (Coopers & Lybrand Deloitte), London
Nazeyrollas P.M. (Hays Allan), London
Neall S. (Kingston Smith), London
Neath S.B. (BDO Binder Hamlyn), Newcastle Upon Tyne
Neave H. (Ernst & Young), London
Nebhrajani S. (Coopers & Lybrand Deloitte), London
Neill A.B. (Coopers & Lybrand Deloitte), Uxbridge
Neilson F. (Price Waterhouse), London
Nelson K.D. (BDO Binder Hamlyn), Manchester
Nelson S. (Price Waterhouse), Newcastle Upon Tyne
Neville W.J.C. (KPMG Peat Marwick McLintock), Southampton
New E.V. (Coopers & Lybrand Deloitte), London
Newbold D.P. (Price Waterhouse), Birmingham
Newcombe D.R. (KPMG Peat Marwick McLintock), London
Newing P.J.S. (BDO Binder Hamlyn), London
Newman R.J. (Coopers & Lybrand Deloitte), London
Newmarch P. (Kidsons Impey), London
Newsome J.R. (Price Waterhouse), London
Ng Cheong Fook M.S. (Manning, Hilder & Girling), Ipswich
Ng C.B. (Ernst & Young), Milton Keynes
Ng D.K.A. (Grant Thornton), Birmingham
Ng H.S.L. (Touche Ross & Co.), London
Ng K.K. (KPMG Peat Marwick McLintock), London
Ngan E.M. (Price Waterhouse), London
Ng'Era S.N. (Arthur Andersen & Co), London
Niblett J.P. (Price Waterhouse), Bristol
Nichol A.J. (Stokoe Rodger & Co), Hexham
Nicholas A.J. (BDO Binder Hamlyn), Croydon
Nicholls F.E. (Ernst & Young), London
Nicholson H.P. (Dolby, Holt), Liverpool
Nicholson J.E. (Shipley Blackburn), London
Nixon R.J. (Price Waterhouse), Nottingham
Noble L. (Spicer & Oppenheim), Leeds
Norman K.L. (Arthur Andersen & Co), London
Norris L.A. (Lyon Pilcher), Southampton
Northey D.F. (Berg Kaprow Hay), London
Northrop A.F. (Ernst & Young), London
Notaro D.M.A. (Cooper Lancaster), London
Noyce P.R. (Menzies), Woking
Nuttall I.D. (Ernst & Young), London
Nuttall S.G. (Pearson May & Co), Bath

O

Oakley D.E. (Coopers & Lybrand Deloitte), Bristol
Oates D.M. (Stoy Hayward), London
Obi-Ezekpazu A. (Stoy Hayward), London
O'Brien C.M. (Coopers & Lybrand Deloitte), Birmingham
O'Brien C. (KPMG Peat Marwick McLintock), Manchester
O'Brien D.P. (Touche Ross & Co.), London
O'Brien H. (Lovewell Blake), Norwich
O'Brien R.M. (Grant Thornton), Cardiff
O'Connor H. (Moore Stephens), Bath
O'Donnell O.F. (KPMG Peat Marwick McLintock), London
O'Donovan P.A. (Coopers & Lybrand Deloitte), Birmingham
Ogden K.A. (Coopers & Lybrand Deloitte), Swansea
Ogden N.J. (BDO Binder Hamlyn), Manchester
O'Keeffe K.P. (Price Waterhouse), Redhill
Olaleye S. (Coopers & Lybrand Deloitte), London
Oldfield A. (A. Cropp Hawkins & Co), Stoke-On-Trent
Oldroyd C.L. (Coopers & Lybrand Deloitte), Leeds
Oliver F.K. (Alan Turner & Co), Shrewsbury
Oliver G.B. (Price Waterhouse), London
Oliver J.E.F. (MacIntyre Hudson), London
Oliver M. (Arthur Andersen & Co), Reading
Olley A. (KPMG Peat Marwick McLintock), Southampton
Olney R.K. (Coopers & Lybrand Deloitte), Southampton
Ooi Y.M. (Coopers & Lybrand Deloitte), London
Openshaw-Blower N.R.D. (KPMG Peat Marwick McLintock), London
O'Reilly T. (Beever & Struthers), Manchester
O'Rourke E.R. (Ernst & Young), Newcastle Upon Tyne
Osborne A.C. (Richards & Co), Bristol
Osen G.P. (Stoy Hayward), London
Oster R.A. (Touche Ross & Co.), London
Ostler R.C. (Lentells), Seaton
Oura R.A. (Ayres Bright Vickers), Worthing
Outen J.J. (KPMG Peat Marwick McLintock), London
Overtoom F.J.C. (Coopers & Lybrand Deloitte), London
Overy A.K. (Coopers & Lybrand Deloitte), Uxbridge
Owen G.I. (KPMG Peat Marwick McLintock), Bristol
Owen P. (Duncan Sheard Glass), Liverpool
Oxley L.T. (Shelley Stock Hutter), London

P

Pace V. (Price Waterhouse), London
Padalkar V. (Cohen Arnold & Co), London
Padmanathan S.P. (Robson Rhodes), Crawley
Page A.G. (Coopers & Lybrand Deloitte), Nottingham
Page J.M. (Pannell Kerr Forster), London
Pakes P.J. (Coopers & Lybrand Deloitte), London
Palleschi E. (Waltons), Hartlepool
Palmer R.K. (Price Waterhouse), London
Palmer R.M. (Ernst & Young), Milton Keynes
Pamplin N.C. (Reads & Co), London
Panesar B.S. (KPMG Peat Marwick McLintock), London
Pannett S.D. (KPMG Peat Marwick McLintock), London
Papadopoulos T. (Coopers & Lybrand Deloitte), London
Papamichael P.D. (Touche Ross & Co.), London
Papathomas A. (Clement Keys Rabjohns), Worcester
Parekh G. (Arthur Andersen & Co), Manchester
Park J.R. (Pannell Kerr Forster), London
Parker A. (Coopers & Lybrand Deloitte), Birmingham
Parker M.J. (Stoy Hayward), London
Parker S.K. (KPMG Peat Marwick McLintock), London
Parkes C.A. (KPMG Peat Marwick McLintock), Manchester
Parmar K.P. (Nash Broad Wesson), London
Parr C.M. (Grant Thornton), London
Parr E.G. (Ernst & Young), Inverness
Parr E.T. (Spicer & Oppenheim), Bournemouth
Parry D.K. (BDO Binder Hamlyn), London
Pars A. (BDO Binder Hamlyn), Manchester
Parsons R.J. (Spain Brothers & Co), Folkestone
Parsons R.J. (Grant Thornton), Oxford
Passway M. (Baker Tilly), London
Patel A.R. (Coopers & Lybrand Deloitte), Uxbridge
Patel B. (KPMG Peat Marwick McLintock), London
Patel D.D. (Coopers & Lybrand Deloitte), London
Patel H.M. (Hacker Young), London
Patel J. (Touche Ross & Co.), London
Patel M. (J. Wild & Co), Radcliffe
Patel R.R. (Wolf, Taylor & Co), London
Patel S. (Coopers & Lybrand Deloitte), London
Patel S.J. (KPMG Peat Marwick McLintock), London
Patel S. (Touche Ross & Co.), London
Patience K.S. (Robson Rhodes), London
Patterson A.R. (Grant Thornton), London
Patterson C.L. (Levy Gee), London
Patterson N.E. (Coopers & Lybrand Deloitte), Newcastle Upon Tyne
Patterson S.E. (Sharles & Co), London
Patwa M. (Coopers & Lybrand Deloitte), London
Paul J. (Coopers & Lybrand Deloitte), Guernsey
Paver G.N. (Coopers & Lybrand Deloitte), London
Pay R.F. (Maxwells), Bridgwater
Payne L.D. (Neville Russell), London
Pean L.J. (Wilson Green), London
Pearce L.J. (KPMG Peat Marwick McLintock), St. Albans
Pearce R.M. (Ernst & Young), London
Pearson E.A. (Ernst & Young), Leeds
Pearson S. (Pannell Kerr Forster), Manchester
Pearson T.S. (Moores Rowland), Sevenoaks
Peart-Jackson D.S. (Ernst & Young), Cambridge
Peck D.A.C. (Coopers & Lybrand Deloitte), London
Peel-Yates A.K. (Whitley, Simpson & Partners), Banbury
Pemberton C.A.S. (Smith & Williamson), London
Pengilly M.D. (Coopers & Lybrand Deloitte), Southampton
Penn N.T. (KPMG Peat Marwick McLintock), Leeds
Percy T.J. (Crombie, Lacon & Stevens), Wolverhampton
Perdoni G. (Neville Russell), London
Perera A.K. (Arram Berlyn Gardner), London
Perren P.A. (Touche Ross & Co.), London
Perrett J.K. (Coopers & Lybrand Deloitte), Uxbridge
Perriam L.M. (Price Waterhouse), London
Perrins R. (Ernst & Young), London
Perris J.D. (Fletchers), Birmingham
Perrott H.F. (Grant Thornton), Ipswich
Perry J. (Coopers & Lybrand Deloitte), Southampton
Perry S.J. (Grant Thornton), Cheltenham
Perry S.W. (Coopers & Lybrand Deloitte), Newcastle Upon Tyne
Pert J.R. (Littlejohn Frazer), London
Peters D. (Auckland Goddard Hampson & Swain), Windsor
Peters N.J. (Arthur Andersen & Co), London
Peters S. (Price Waterhouse), Birmingham
Pettinger D. (KPMG Peat Marwick McLintock), Huddersfield
Petts G.W. (Coopers & Lybrand Deloitte), Maidstone
Phang F.T.L. (Arthur Andersen & Co), London
Philbin M.A. (Shipley Blackburn), London
Phillips D.L. (Stoy Hayward), London
Phillips I.R. (Touche Ross & Co.), Bracknell
Phillipson A.H. (Coopers & Lybrand Deloitte), Birmingham
Phipps L.J. (KPMG Peat Marwick McLintock), Poole
Picken J.S. (Arthur Andersen & Co), Leeds
Picton-Turbervill D. (KPMG Peat Marwick McLintock), London
Piddlesden S.J. (Moores Rowland), London
Pierce D.J.M. (KPMG Peat Marwick McLintock), London
Pilcher J.C. (Chantrey Vellacott), London
Pilgrim C. (KPMG Peat Marwick McLintock), Southampton
Pilkington R.D. (Coopers & Lybrand Deloitte), Manchester
Pilkington S. (KPMG Peat Marwick McLintock), Leeds
Piller L.R. (Grant Thornton), Milton Keynes
Pinder K.A. (Spicer & Oppenheim), London
Pirouet M.G. (Morison Stoneham), London
Pisavadi A. (Wilson Green), London
Pitfield B.K. (Coopers & Lybrand Deloitte), Guernsey
Plumbly A.M. (Touche Ross & Co.), London
Plummer R.J. (Arthur Andersen & Co), Birmingham
Podd E.F.C. (Price Waterhouse), St. Albans
Pollitt V. (Coopers & Lybrand Deloitte), London
Polnek S.C. (BSG Valentine), London
Ponting A.R. (Brooking, Knowles & Lawrence), Basingstoke
Poole S.H. (Price Waterhouse), London
Pope S.P. (Dixon Wilson), London
Pope T.J. (Touche Ross & Co.), London
Porritt R.S. (Touche Ross & Co.), London
Port D.J. (Coopers & Lybrand Deloitte), Maidstone
Porter A.B. (Touche Ross & Co.), Liverpool
Porter C.D.S. (Coopers & Lybrand Deloitte), London
Poser D.H. (Arthur Andersen & Co), London
Potenta A.M. (Ernst & Young), London
Potter A.B. (Arthur Andersen & Co), London
Potter J.A. (KPMG Peat Marwick McLintock), Leeds
Potts A.J. (Goodman Jones), London
Poullain-Patterson T.A. (Ernst & Young), London
Poulter L.J. (KPMG Peat Marwick McLintock), Cambridge
Powell J.L. (Price Waterhouse), Leeds
Powell R.S. (Touche Ross & Co.), Cardiff
Prais D. (Crawfords), Salford
Pratt S.J. (Morison Stoneham), London
Preece H.E. (Bristow, Burrell), Guildford
Preen M.J. (Spicer & Oppenheim), London
Price A.K. (Lubbock Fine), London
Price B.J. (Ernst & Young), London
Price D.W. (Touche Ross & Co.), London
Price T.R.J. (Coopers & Lybrand Deloitte), London
Priestley I.R. (Touche Ross & Co.), London
Primett C.D. (KPMG Peat Marwick McLintock), Milton Keynes
Pritchard I. (Coopers & Lybrand Deloitte), Edinburgh
Pritchard S.F. (KPMG Peat Marwick McLintock), Ipswich
Prosser C.W. (Ernst & Young), London
Proud C.W.F. (KPMG Peat Marwick McLintock), London
Puri M. (Shah Dodhia & Co), London
Purkess M.J. (Coopers & Lybrand Deloitte), Birmingham
Pursell S. (KPMG Peat Marwick McLintock), Stoke-On-Trent
Pybus C.R. (KPMG Peat Marwick McLintock), London

Q

Quinlan A.J. (Coopers & Lybrand Deloitte), Birmingham
Quinn L.A. (Price Waterhouse), Newcastle Upon Tyne

R

Rabbetts J.L. (Spicer & Oppenheim), London
Radcliffe J.M. (Ernst & Young), London
Radcliffe R.M.C. (Price Waterhouse), Nottingham
Radia P. (Leigh Carr), London
Radice M.J. (Arthur Andersen & Co), London
Rafique H. (Sayers Butterworth), London
Raggett D.A. (Coopers & Lybrand Deloitte), Reading
Raggett D.N. (Coopers & Lybrand Deloitte), Birmingham
Rainey C.A. (Ernst & Young), London
Rambocus R. (Longcrofts), London
Rana S. (Ernst & Young), London
Randall S.L. (Littlejohn Frazer), London
Rapley I.A. (H.W. Fisher & Company), London
Ratcliffe C.C. (KPMG Peat Marwick McLintock), London
Ratcliffe S.R. (Spicer & Oppenheim), Nottingham
Rathmell S.J. (Kidsons Impey), Manchester
Rattee F.C. (Spicer & Oppenheim), London
Rawlings M.A. (Grant Thornton), Bournemouth
Rayner P.J. (Coopers & Lybrand Deloitte), London
Read A.C. (Rothman Pantall & Co.), Eastleigh
Read M.J. (Nyman Libson Paul), London
Reah C. (Coopers & Lybrand Deloitte), Newcastle Upon Tyne
Record G.C. (Coopers & Lybrand Deloitte), London
Redford D.L. (Coopers & Lybrand Deloitte), Birmingham
Redgrave J. (Coopers & Lybrand Deloitte), Bristol
Reed S.I. (Touche Ross & Co.), London
Reed A.F. (Knill, Padgham & Grande), London
Reeder S.P. (Touche Ross & Co.), London
Reeve E.K. (Coopers & Lybrand Deloitte), Cambridge
Reeves A.J. (Coopers & Lybrand Deloitte), London
Reeves D.M. (Arthur Andersen & Co), London
Reid A.S. (Coopers & Lybrand Deloitte), Birmingham
Reid G.M. (Touche Ross & Co.), Leicester
Reid S.J. (Arthur Andersen & Co), Birmingham
Reid S.A. (Coopers & Lybrand Deloitte), Manchester
Rennie P.D. (Touche Ross & Co.), Bracknell
Renwick S.G. (Touche Ross & Co.), Newcastle Upon Tyne
Reynolds D. (Wilkins Kennedy), London
Reynolds G.P. (KPMG Peat Marwick McLintock), Bristol
Rhind H.J. (Touche Ross & Co.), Liverpool
Rice T. (Westbury, Schotness & Co.), London
Rich R.M. (Civvals), London
Richards D.W.R. (KPMG Peat Marwick McLintock), London
Richards N.G. (Coopers & Lybrand Deloitte), Bristol
Richardson C.J. (Rainbow Gillespie), Newcastle Upon Tyne
Richardson N.A. (Touche Ross & Co.), Newcastle Upon Tyne
Richardson P. (Ernst & Young), Leeds
Rickard A. (Kidsons Impey), Aylesbury
Ridgeway A.B. (KPMG Peat Marwick McLintock), London
Riley A.C. (Touche Ross & Co.), Liverpool
Riley G. (Langton Morland), Liverpool
Rimmer C.W. (Touche Ross & Co.), Nottingham
Rimmer E.J. (Coopers & Lybrand Deloitte), London
Ring J.P. (Ernst & Young), London
Risby S.P. (Price Waterhouse), Windsor
Risk L.A. (Touche Ross & Co.), Manchester
Robb F.M. (Ernst & Young), London
Robbins D.K. (Coopers & Lybrand Deloitte), Manchester
Roberts A.J. (Ernst & Young), Cambridge
Roberts E. (Langton Morland), Liverpool
Roberts M.A. (Hook Harris), Southampton
Roberts M.W. (Ernst & Young), London
Roberts S.M. (KPMG Peat Marwick McLintock), Leeds
Roberts V.J. (Morgan Brown & Spofforth), London
Robertson A.S. (Stoy Hayward), London
Robertson S.A. (Malpas Simmons), Bournemouth
Robins K.J. (Arthur Andersen & Co), London
Robinson A. (Price Waterhouse), London
Robinson A.J. (Hanley & Co), Ashton-Under-Lyne
Robinson A.J. (KPMG Peat Marwick McLintock), Preston
Robinson A.P. (Forrester Boyd with Kirmans), Grimsby
Robinson C.E. (KPMG Peat Marwick McLintock), Bradford
Robinson D.J. (Armstrong Watson & Co), Carlisle
Robinson G. (Coopers & Lybrand Deloitte), Leicester
Robinson J. (Spicer & Oppenheim), Birmingham
Robinson J.K. (Ernst & Young), Manchester
Robson F.A. (Coopers & Lybrand Deloitte), Leeds
Roden F.G. (Touche Ross & Co.), Manchester
Rodger I.N. (Touche Ross & Co.), Crawley
Rodger S.H. (Hawsons), Sheffield
Roffey P.R. (Touche Ross & Co.), London
Rogers J.E. (Coopers & Lybrand Deloitte), Bristol
Rogers S.J. (Ernst & Young), London
Rogers W.F. (Barnes Roffe), London
Rolfe J. (Coopers & Lybrand Deloitte), London

# The Institute of Chartered Accountants in England and Wales

## Results of Professional Examination 2 held in July 1991

### List of Successful Candidates

Rooney R. (Ernst & Young), Newcastle Upon Tyne
Roques D.W.S. (Price Waterhouse), London
Rose E.S. (KPMG Peat Marwick McLintock), Guildford
Rosenthal C.C. (Newman & Partners), London
Ross A. (Coopers & Lybrand Deloitte), London
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Roy S.J.R. (Wells Richardson), Sheffield
Royce S.J. (Coopers & Lybrand Deloitte), London
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Rudge C.E. (Fraser & Russell), Guildford
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Rushworth A. (KPMG Peat Marwick McLintock), London
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Russell G. (Touche Ross & Co.), Birmingham
Russell J.K. (Blakemores), London
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Rutter K. (Ernst & Young), Newcastle Upon Tyne
Ryall J.K. (Grant Thornton), Ipswich
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S

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Samuels S. (Price Waterhouse), Birmingham
Sanders P.A. (Arthur Andersen & Co), Manchester
Sanderson J.M. (Finnie & Co.), Chelmsford
Sandhu A.K. (Davies Williams), Cardiff
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Sands A.D. (KPMG Peat Marwick McLintock), London
Sansom P.J. (Ernst & Young), London
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Saunders C.A. (Grant Thornton), Cheltenham
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Shaw D.A. (Beavis Walker), London
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Sinclair J.R. (KPMG Peat Marwick McLintock), Guildford
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Smith R.G.F. (Price Waterhouse), London
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Smith R.C.W.S. (Price Waterhouse), London
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Smith S.P. (Spicer & Oppenheim), Leeds
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Southall P.R. (Stanley Holmes & Co), London
Southern D.A. (Grant Thornton), Nottingham
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Stephenson P. (BDO Binder Hamlyn), Leeds
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Stevens P.R. (Arthur Andersen & Co), Reading
Stevens P. (Arthur Andersen & Co), Reading
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Stokes G.A. (Jordan, Brookes & Co.), Winchester
Stokes K.V. (Price Waterhouse), London
Stone A. (Critchleys), Oxford
Stone D.J. (KPMG Peat Marwick McLintock), Birmingham
Stone W.K. (Fraser & Russell), Redhill
Stonehouse J.R.G. (Price Waterhouse), London
Storor R.J. (Coopers & Lybrand Deloitte), Birmingham
Stothard M.L. (Arthur Andersen & Co), London
Stott A.D. (Touche Ross & Co.), Birmingham
Stott L.J. (Arthur Andersen & Co), Reading
Stott M. (Pannell Kerr Forster), Douglas
Stott M.D. (KPMG Peat Marwick McLintock), Preston
Straughan T.D. (KPMG Peat Marwick McLintock), Leeds
Street P.J. (Coopers & Lybrand Deloitte), Reading
Stroud J.A. (KPMG Peat Marwick McLintock), Birmingham
Strudwick H.J. (Coopers & Lybrand Deloitte), Maidstone
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Summers A.G. (Coopers & Lybrand Deloitte), London
Summers G.J. (Shipley Blackburn), London
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Summers K.J. (Robson Rhodes), Leicester
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Sutcliffe J.H. (Coopers & Lybrand Deloitte), Cambridge
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Sutton P.J. (Ernst & Young), London
Swain G.N. (BDO Binder Hamlyn), Birmingham
Swallow C.J. (Price Waterhouse), Birmingham
Swane J.R. (Touche Ross & Co.), Birmingham
Swann R. (Arthur Andersen & Co), Birmingham
Swayne J.P. (Critchleys), Oxford
Sweeney P.J. (Kidsons Impey), Horsham
Sweeney S.M. (Ernst & Young), London
Sweetman K.A. (Honey, Barrett & Co), Bexhill-On-Sea
Swinburne J.A. (Coopers & Lybrand Deloitte), Liverpool
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Sykes J.J. (Saffery Champness), London
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T

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Tan S.L. (KPMG Peat Marwick McLintock), Guildford
Tan W.S.W. (Price Waterhouse), London
Tang C.W. (Ernst & Young), Luton
Tank M. (KPMG Peat Marwick McLintock), London
Tarshis S.M. (Grant Thornton), Brighton
Tasker C.J. (Baker Tilly), Bradford
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Thomas C.J. (Coopers & Lybrand Deloitte), Cardiff
Thomas G.F. (Ernst & Young), London
Thomas M.R.A. (Stoy Hayward), London
Thomas R. (Conway & Co), Chester
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Thomas S.J. (Coopers & Lybrand Deloitte), Birmingham
Thompson A.P.G. (Burnett Swayne), Southampton
Thompson I.P. (Pannell Kerr Forster), Leeds
Thompson P.M. (Arthur Andersen & Co), Leeds
Thompson R.T. (BDO Binder Hamlyn), Manchester
Thomson J.C. (Arthur Andersen & Co), London
Thomson L. (Warley & Warley), Kingston-Upon-Thames
Thomson R.D. (BDO Binder Hamlyn), Croydon
Thornber A.J. (Coopers & Lybrand Deloitte), Leeds
Thorp T.G. (Touche Ross & Co.), London
Thorpe T.J. (Barber, Harrison & Platt), Sheffield
Throup G.T. (Ernst & Young), Birmingham
Thurlow D.M. (Touche Ross & Co.), Birmingham
Tiley N.J. (Touche Ross & Co.), Cambridge
Tilton S.J. (Price Waterhouse), London
Tinney A.J. (Arthur Andersen & Co), London
Tipping A.M.C. (Kidsons Impey), London
Tipson R. (Price Waterhouse), Birmingham
To T.N. (KPMG Peat Marwick McLintock), London
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Todd R. (Grant Thornton), Leeds
Tolley R.D. (Coopers & Lybrand Deloitte), Reading
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Tomlinson S.J. (Neville Russell), London
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Townsend J.G. (Cooper Lancaster), Manchester
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Wall J.A. (Spicer & Oppenheim), London
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Wan Y.Y. (Cohen Arnold & Co), London
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Ward M.R. (Prior & Palmer), Nottingham
Ward N.G. (Barter Durgan), Southsea
Warden N.J. (Stoy Hayward), London
Ward-Smith W.J. (Arthur Andersen & Co), London
Waring S.R. (Kingston Smith), London
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Warnes E.J. (Arthur Andersen & Co), Birmingham
Warren R.J. (Robson Rhodes), London
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Watson G.P. (Neville Russell), Milton Keynes
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Watts F.L. (KPMG Peat Marwick McLintock), Birmingham
Watts K.M. (Touche Ross & Co.), London
Watts S.J.N. (Haslams), Warrington
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Webb P.D. (Price Waterhouse), Windsor
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Webber S.R. (Coopers & Lybrand Deloitte), Birmingham
Webster A. (Robson Rhodes), Leeds
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Whelan J.P. (Price Waterhouse), Manchester
Wheller K.J. (Ernst & Young), Exeter
Whiffen L. (Arthur Andersen & Co), Manchester
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White O.A. (Robson Rhodes), London
White P.A. (KPMG Peat Marwick McLintock), Bradford
White P.J. (Ernst & Young), London
White R.M. (Grant Thornton), Portsmouth
White S.J. (KPMG Peat Marwick McLintock), St.Albans
White W.K. (Coopers & Lybrand Deloitte), Leeds
Whitehouse G.L. (Kingston Smith), London
Whitelegg J.R. (Touche Ross & Co.), London
Whiteside V.C. (Stoy Hayward), London
Whitfield J.N. (Grant Thornton), Northampton
Whitham P. (Robson Rhodes), London
Whittaker E.A. (Price Waterhouse), London
Whyatt P.A. (Ernst & Young), London
Whyte B.J. (Price Waterhouse), Leeds
Whyton A.J. (Jervis & Partners), Northampton
Wickersham M.J. (Barber, Harrison & Platt), Sheffield
Widdowson R.C. (KPMG Peat Marwick McLintock), Birmingham
Wigley D.M. (Touche Ross & Co.), London
Wigram J.M.F. (Menzies), Woking
Wilcock N.J. (Price Waterhouse), London
Wild J.F. (Touche Ross & Co.), London
Wild P. (Pannell Kerr Forster), Nottingham
Wildblood E.S. (Arthur Andersen & Co), London
Wilde L.A. (BDO Binder Hamlyn), Croydon
Wilkie L.A. (KPMG Peat Marwick McLintock), Leeds
Wilkinson J. (Touche Ross & Co.), London
Wilkinson J.A.M. (Coopers & Lybrand Deloitte), London
Wilkinson J.D. (Coopers & Lybrand Deloitte), London
Wilkinson P.S. (Casson Beckman), London
Wilkinson R. (KPMG Peat Marwick McLintock), Birmingham
Wilkinson S.D. (Stoy Hayward), London
Wilcock S. (Ernst & Young), London
Williams A.J. (KPMG Peat Marwick McLintock), Preston
Williams A.J. (Coopers & Lybrand Deloitte), Cardiff
Williams G.R. (Coopers & Lybrand Deloitte), Bristol
Williams G.R. (Clark Whitehill Josolyne), Leeds
Williams I.D. (Ernst & Young), Reading
Williams J.R. (Goodman Jones), London
Williams J.A. (Allwood Baird Hack), Chester
Williams M.J. (Stoy Hayward), London
Williams P.J (Price Waterhouse), London
Williams P.R. (Spicer & Oppenheim), Birmingham
Williamson S. (Price Waterhouse), London
Willing P.J. (Price Waterhouse), Jersey
Willis H. (Pannell Kerr Forster), Manchester
Willis H.M. (Pannell Kerr Forster), London
Willis V.A. (Pannell Kerr Forster), Hereford
Willson A.D. (Coopers & Lybrand Deloitte), Portsmouth
Wilson C.P. (Ernst & Young), Hull
Wilson D.A. (Daly, Hoggett & Co), London
Wilson I.E. (Touche Ross & Co.), London
Wilson J.A. (Ernst & Young), London
Wilson J.A.T. (Ernst & Young), Manchester
Wilson J.D. (Coopers & Lybrand Deloitte), Maidstone
Wilson M.H.R.I. (Coopers & Lybrand Deloitte), Newcastle Upon Tyne
Wilson M.R. (KPMG Peat Marwick McLintock), Brighton
Wilson M.S. (KPMG Peat Marwick McLintock), Middlesbrough
Wilson R. (KPMG Peat Marwick McLintock), London
Wilson R.M. (Coopers & Lybrand Deloitte), London
Wilson S. (Arthur Andersen & Co), Manchester
Wiltshire A.S. (Price Waterhouse), London
Winning A. (Coopers & Lybrand Deloitte), Birmingham
Winstanley J.A. (Coopers & Lybrand Deloitte), Manchester
Winters C. (Longcrofts), London
Wise K.B. (Ernst & Young), Swindon
Wishart A.J. (Ernst & Young), Nottingham
Wolfram T.M. (Coopers & Lybrand Deloitte), London
Wolstenholme N.E. (Touche Ross & Co.), London
Wong I.H. (Nabarro), London
Wong J.M.W. (Menzies), Walton-On-Thames
Wong R.S.T. (Touche Ross & Co.), London
Wood A.J. (Hunt & Partners), Portsmouth
Wood C.A. (Ernst & Young), Plymouth
Wood C.N. (Coopers & Lybrand Deloitte), London
Wood H. (Coopers & Lybrand Deloitte), Reading
Wood I.J. (Coopers & Lybrand Deloitte), London
Wood K.D. (Coopers & Lybrand Deloitte), Manchester
Wood P.D. (KPMG Peat Marwick McLintock), St. Albans
Wood R.J. (Coopers & Lybrand Deloitte), Newcastle Upon Tyne
Wood S.J. (Coopers & Lybrand Deloitte), Nottingham
Wood W.J. (Clark Whitehill), London
Woodford J.K.W. (Ernst & Young), London
Woodhall P.M. (Moores Rowland), Hertford
Woodhead C. (Rhodes & Co), Bradford
Woodhouse J.A. (KPMG Peat Marwick McLintock), London
Woods D.J. (Clemence Hoar Cummings), Romford
Woods D.O. (Neville Russell), London
Woods S.T. (Casson Beckman), London
Woodward C. (Price Waterhouse), Bristol
Woodward S.D. (Harper Broom Roberts), Maidenhead
Woolf J.P.L. (KPMG Peat Marwick McLintock), London
Woolley T.J. (Coopers & Lybrand Deloitte), Birmingham
Woolrych T.R. (Arthur Andersen & Co), London
Woosey A.D. (Ernst & Young), London
Worn A. (Pannell Kerr Forster), Darlington
Worrall M.J. (Bullimores), Dorking
Worsfold C.E.L. (Touche Ross & Co.), Birmingham
Worsley M.D. (Spicer & Oppenheim), Bolton
Worthy J.M.A. (KPMG Peat Marwick McLintock), London
Wortley V. (Coopers & Lybrand Deloitte), Reading
Wotherspoon R. (Ernst & Young), London
Wren S. (Coopers & Lybrand Deloitte), London
Wride K.M. (Garbutt & Elliott), York
Wright B.S. (Ernst & Young), London
Wright C.L. (Touche Ross & Co.), London
Wright G.R. (KPMG Peat Marwick McLintock), Milton Keynes
Wright K.M. (Coopers & Lybrand Deloitte), Edinburgh
Wright N.J. (BDO Binder Hamlyn), Bacup
Wright P.J. (Ernst & Young), London
Wright R.D. (Ernst & Young), Bristol
Wright S.B. (Coopers & Lybrand Deloitte), Swansea
Wright S.L. (Grant Thornton), Leicester
Wyatt G.P. (KPMG Peat Marwick McLintock), London
Wyatt-Ingram S.G. (Ernst & Young), London
Wynn Jones H.S. (Ernst & Young), Birmingham

X

Xavier S.D. (Ernst & Young), London
Xavier S.R. (Hillier Hopkins), Hemel Hempstead

Y

Yap A.Y. (Barnes Roffe), London
Yaqub M. (Moore Stephens), Bath
Yates P.F.S. (KPMG Peat Marwick McLintock), St. Albans
Yeandle S.P. (Cape & Dalgleish), London
Yee S.C. (BDO Binder Hamlyn), London
Yeo K.R.K. (Leigh, Sorene & Lawson), London
Yeoh L.K. (Barker, Hibbert & Co), London
Young P.Y. (Blick Rothenberg), London
Yogeswaran N.Y. (Berg Kaprow Hay), London
Young D.M. (Grant Thornton), Cleckheaton
Young M.D. (Amherst & Shapland), Minehead
Young R.J. (Ernst & Young), Birmingham

Z

Zwetsloot K.D. (Hacker Young), Nottingham

FINANCIAL TIMES
# COMPANIES & MARKETS
Friday September 27 1991



## INSIDE

### Sir Lawrie steps in to help troubled Barratt

Barratt Developments, one of the UK's biggest housebuilders, announced a £105.9m ($184.26m) pre-tax loss for the year, against profits last time of £30.2m. Sir Lawrie Barratt, who has been brought out of retirement to resume as executive chairman, said it was with great sadness he had to report the first pre-tax loss since he founded the business in 1958. He blamed the previous management for purchasing expensive land. Page 26

### Provisions hit Polly Peck arm

Sansui Electric, a subsidiary of Polly Peck International, yesterday said it would report a Y18.55bn ($139.47m) loss in the first half of the year following a decision to take provisions on part of the Y67.8bn in loans extended to Capetronic, its Taiwanese subsidiary. Page 26

### Michael Smurfit busy

Mr Michael Smurfit, Ireland's leading industrialist, has had little time in recent weeks to attend to Jefferson Smurfit, his international packaging company, the basis of his fame and fortune. Page 28

### Brierley profits fall

Brierley Investments, the New Zealand investment and trading group, yesterday reported a 47.3 per cent drop in profit after tax to NZ$211.7m (US$121.7m) in the year to June, compared with a net profit of NZ$401.7m in the previous year. Page 21

### Swiss Re slides 22%

Swiss Reinsurance (Swiss Re), the world's second-largest reinsurer, yesterday disclosed a 22 per cent slide to SFr216m ($148m) in consolidated net earnings in 1990. Page 22

### SA retailer to expand

Pepkor, the South African retailing group, appears poised to take over Checkers, one of South Africa's three largest supermarket chains, in a deal believed to be worth about R120m (US$42.6m). Page 21

### Change on swap exposure

The Basle Supervisors Committee may be closer to accepting a change in the calculation of banks' swap exposure, which would reduce the amount of capital banks have to hold against swap transactions. Page 24

### Alcoa firm on production


Alcoa, the big aluminium producer, will not shut any of its North American production capacity in spite of lowest-ever prices, said Mr Paul O'Neill, chairman. Mr William O. Bourke is chairman of Reynolds Metals which has cut output. He estimates most producers are unprofitable. Page 30

### Market Statistics



### Companies in this issue



### Chief price changes yesterday

| FRANKFURT (DM) | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Rises** | | | | **Rises** | | | |
| Dragerwerk | 310 | + | 6.5 | Club Med | 462 | + | 14 |
| Springer Axel | 567 | + | 12 | Vallourec | 328 | + | 8.1 |
| **Falls** | | | | **Falls** | | | |
| Gerresheimer | 454 | – | 5 | Accor | 800 | – | 14 |
| Hochtief | 1205 | – | 25 | Beghin-Say | 445 | – | 35 |
| Hoesch | 296 | – | 6 | Eurocom | 781 | – | 30 |
| Volkswagen | 307 | – | 3 | Radiotech | 511 | – | 14 |
| **NEW YORK ($)** | | | | **TOKYO (Yen)** | | | |
| **Rises** | | | | **Rises** | | | |
| AT & T | 37⅞ | + | ⅛ | Daito Wool | 690 | + | 100 |
| McDonalds | 35½ | + | ⅞ | Kioritz | 789 | + | 100 |
| Mercury Air | 4 | + | ½ | Sankyo | 751 | + | 100 |
| **Falls** | | | | Shimura Kako | 700 | + | 90 |
| Pyramid Tech | 15¾ | – | 2⅜ | Topy Inds | 680 | + | 100 |
| Scimed Life | 57¼ | – | 29¼ | **Falls** | | | |
| Union Carbide | 21⅝ | – | ¾ | Nippon Carbon | 1330 | – | 420 |
| **PARIS (FFr)** | | | | | | | |

New York prices at 12.30pm.

| LONDON (Pence) | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Rises** | | | | Wld of Leather | 45 | + | 7 |
| Baratt Dev | 54 | + | 4 | **Falls** | | | |
| Cronite | 26 | + | 6 | ADT | 468 | – | 15 |
| Druck Hldgs | 685 | + | 20 | Bilston&Batt | 60 | – | 6 |
| Eurocamp | 294 | + | 31 | Dwyer | 100 | – | 8 |
| Frogmore Ests | 337 | + | 18 | Eleco | 60 | – | 4 |
| Hampden Home | 31 | + | 8 | Hillsdown | 227½ | – | 28½ |
| Harland Simon | 663 | + | 28 | McLaughlin&Hvy | 95 | – | 35 |
| Harvey&Th'son | 157 | + | 18 | Regal Hotel | 4½ | – | 2 |
| Locker (T) A | 22 | + | 3 | Vickers | 169 | – | 20 |
| Malaya Group | 30 | + | 9 | Vodafone | 373 | – | 14 |
| Sthn Business | 81 | + | 10 | | | | |
| Utd News | 398 | + | 14 | | | | |

Italian group warns of tougher times ahead, reports **Haig Simonian**

# Fiat profits fall despite sell-offs

FIAT, Italy's biggest private-sector industrial group, yesterday announced a sharp fall from L2,454bn to L1,455bn ($1.16bn) in pre-tax profits for the first six months of 1991.

The setback was incurred in spite of a one-off gain of at least L500bn from the sale of the Telettra and Cavis subsidiaries. According to analysts, the decision to take all the gain this year reflects the group's current difficulties.

Fiat warned that tougher economic conditions, to which it largely attributed its profits fall, could continue into 1992. It gave no earnings forecast for 1991 as a whole, but said turnover would be "not less" than the L49,882bn in 1990.

Mr Gianni Agnelli, chairman, said earlier this week he expected the second half of 1991 to be tougher than the first, while 1992 would be difficult.

The group's industrial activities – mainly cars – bore the brunt of the current problems caused by slumping markets, apart from Germany, and increased price competition.

Operating profits on industrial activities fell to L385bn, or 1.5 per cent of relevant sales. Fiat did not give a figure for the year before but said the equivalent ratio was 4.3 per cent at last year's interim stage.

An 11 per cent rise in turnover on non-industrial interests, principally retailing, insurance and financial services, to L3,866bn failed to compensate for a 4.5 per cent decline in industrial activities, which slipped to L25,631bn. Overall, group sales fell 2.7 per cent to L29,497bn.

Direct comparisons with 1990 are complicated by the first-time inclusion of Enasa in Spain and CEAc in France.

Sales for Telettra have been excluded, as have those for Ford New Holland, the tractors business acquired by Fiat last year, which will only be consolidated in the second half.

The ratio of pre-tax profits to sales fell to 4.9 per cent from 8.1 per cent for 1990 as a whole, but was well ahead of the 2.5 per cent in the second half of last year.

In the domestic car market, where Fiat sold 630,000 cars compared with 740,600 last year, its market share declined to 47.5 per cent. However, sales improved in a number of big European markets.

In spite of the earnings downturn, Fiat claimed its performance was still better than that of many competitors. The company said there was a slight improvement in margins over the depressed levels at end-1990, although some analysts questioned the claim given the continuing drop in sales.

The group's cash position decreased to L431bn from L570bn last December, as a result of heavy investment costs and model development plans.

Investments rose by 12.7 per cent to L1,545bn, while research and development spending rose by 13.4 per cent to L1,188bn.

# ICI splits chairman's role in revamp

By Robert Peston in London

IMPERIAL Chemical Industries, Britain's biggest manufacturer, is splitting the role of its chairman for the first time and is about to re-allocate responsibilities of its executive directors.

Mr Ronnie Hampel, 59, is becoming chief operating officer. "The traditional chairman's job at ICI has become too big for any one person," said an ICI director. "Markets are now global. Shareholders need constant attention. Huge amounts of time have to be spent with members of the government and officials."

Sir Denys Henderson, who retains his title of chairman and chief executive officer, will concentrate on strategy and projecting ICI's image. Mr Hampel will be responsible for day-to-day operations and will put into effect the company's reconstruction announced earlier this year.

ICI has made a charge of £300m ($522m) after tax to cover expected costs of its reorganisation, which it says will add £400m to pre-tax profits by mid-1993.

Mr Hampel's appointment is analogous to other companies' decisions to split the chairman's functions between a chief executive and a chairman. Investment institutions are attempting to persuade big companies to split these roles.

The chief operating officers of ICI's seven divisions, who are not board members, will report to Mr Hampel. At present, they report to one of three board members: Mr Hampel, Mr David Barnes or Mr Chris Hampson.

ICI said yesterday another director, Mr Tom Hutchison, would take early retirement at the end of the year when the responsibilities of board members will be redistributed. This shift will also be helped when Mr Frank Whitely, deputy chairman, retires, probably next year.

Mr Hampel will also be in charge of ICI's acquisitions and divestments, its head office and "all functions which directly affect group operating performance", said the company.

ICI has been changing itself since Hanson took a 2.8 per cent stake in May.

Lex, Page 18

# Predators loiter at the banks' doors

**Simon London** on the rising cost of debt-finance for UK acquistions

The recent spate of bids among UK companies could mark the first real test of the willingness of banks to lend for big acquisitions since fears of a "credit crunch" first surfaced.

*Of the three large bids in the* market, only one has a cash element which will be financed with new debt. Hanson's bid for Beazer and Williams Holding's bid for Racal Electronics are financed from internal cash resources and new shares.

With share prices riding high, predators will try to keep debt finance to a minimum. Past experience shows that a rising stock market encourages acquisitive companies to use equity-related finance.

However, there is a limit to the amount of new equity which can be absorbed. In the second quarter of this year alone, £4bn ($6.9bn) ordinary shares were issued by UK-listed companies, more than in 1989 or 1990.

Of the current batch of predators, only BTR, the industrial conglomerate, says it will go to the banks if its £1.5bn bid for Hawker Siddeley, the engineering group, goes ahead. BTR will look to raise between £500m and £1bn from a group of banks led by Barclays Bank, Credit Suisse and Hongkong Shanghai Bank.

BTR is a good bell-wether of the cost of acquisition finance, having followed a similar pattern of debt finance for its acquisition of Norton in 1990 and proposed acquisition of Pilkington in 1986.

In the case of Norton, BTR arranged a $1.5bn one-year financing at an interest margin of 0.15 per cent over the London interbank offered rate.

This time around, BTR is again thought to be looking for one-year committed funding. When the details of the financing are published later today, bankers are expecting a margin of at least 0.30 per cent over Libor.

Fees have also more than doubled in the past year. The Norton financing offered the banks a commitment fee of 0.04 per cent, this time it will be more than 0.10 per cent. While this is expensive, at least BTR has ready access to funds. Smaller, more highly-geared competitors may simply find that acquisition finance is unavailable.

That BTR should be first into *the loans market is also* poignant. In 1987 the company arranged a bank financing which has passed into the folklore of corporate banking as probably the tightest pricing ever seen on a corporate loan in the UK.

The £1bn multiple option facility, arranged through Bankers Trust in 1987, gave the company access to committed funds over 5½ years at the exceptionally fine margin of just 0.075 per cent over the London interbank offered rate. The loan was a deal which led bankers to question the pursuit of market share ahead of lending margin.

Several events have changed the attitudes of bankers since 1987, and the trend towards higher financing costs has been amplified over the past year.

The first event was the signing in spring 1988 of the Basle accord on international bank capital adequacy. The Basle guidelines force banks to maintain a strict capital-to-assets ratio of 8 per cent, with assets weighted according to risk. Loans to companies of any size must be backed by a full 8 per cent capital while loans to governments require no capital backing.

While most banks will meet the standard by the January 1993 deadline, bankers admit that the Basle accord has forced them to focus on the efficient use of capital.

Bank treasurers weigh up the cost of capital – the cost of servicing shares or subordinated debt instruments, for example – against the returns made on assets, such as loans to companies. Each bank has a targeted minimum rate of return on loans, although the target is not disclosed to outsiders.

The impact of the Basle guidelines was increased by the banks' *deteriorating financial health.* The weakness of stock prices and land prices in Japan, property-losses in the US and the severity of the recession in the UK have all forced banks to review to whom they will lend and at what price.

The retrenchment of Japanese banks has been an obvious sign of such pressures. The big five Japanese city banks shrunk assets by nearly 4 per cent last year, having grown by around 20 per cent in each of the previous four years. Of the six lead banks which signed BTR's multiple option facility in 1987, two were Japanese. It may be different this time around.

While bank finance is more expensive than in the late 1980s, the main alternative – issuing *debt securities directly to inves*tors – has drawbacks as an initial source of acquisition finance.

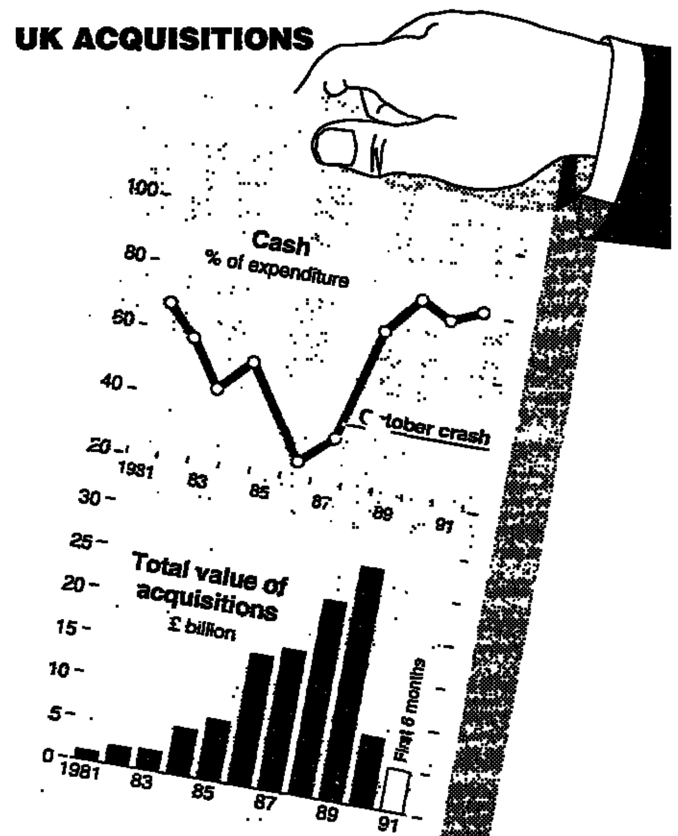
An efficient bond issue needs to be longer than the short one-year to two-years' maturity with which a company such as BTR finances acquisitions.

A company which survives by making cash-generative acquisitions and trading assets, such as BTR or Hanson, is unlikely to want to lock into acquisition finance over 10 years – particularly for an acquisition which may not proceed.

In addition, only a respected company with net assets of £300m or more could consider launching an international bond issue.

Hence even at today's higher prices, banks are the only credible source of acquisition debt finance for most companies in most circumstances.

It remains to be seen whether the higher cost of bank finance is an insurmountable obstacle to all but the most determined and accomplished predators.




# Vickers falls to £4.3m loss after luxury car downturn

By Andrew Baxter

VICKERS, the UK engineering group, plunged to a £4.3m ($7.5m) pre-tax loss in the first half of 1991, mainly because of a sharp downturn in demand for its Rolls-Royce and Bentley luxury cars.

The loss, which includes £24.3m of exceptional items linked largely to rationalisation costs at Rolls-Royce Motor Cars, compared with a profit of £39.8m a year earlier. It overshadowed a reasonable performance in Vickers' other businesses – defence and aerospace, medical equipment and marine engineering.

Shares in Vickers fell 20p to 169p after Sir David Plastow, chairman and chief executive, warned that prospects for the final 1991 dividend depended on an improvement in the outlook at Rolls-Royce. The interim dividend was maintained at 3.7p per share.

Vickers's results underline the severity of the downturn in the luxury car market, which the company and analysts stress has hit other producers such as Jaguar and BMW. "At the moment, there is no evidence of any upturn in world markets," said Sir David.

Rolls-Royce Motor Cars sold 3,300 units last year but Vickers declined to say how many cars it hoped to sell this year. Car sales have been running at around half 1990 levels so far this year and the outlook for Rolls-Royce worsened in the third quarter with confidence in the Japanese market shaken by instability in the local financial market.

The initial cause of the downturn was the steep recession in the UK and US, exacerbated by the US luxury tax introduced in January, and the worldwide uncertainty caused by the Gulf war.

Analysts were more surprised by the dividend warning than the results themselves – pre-tax profits before the exceptionals fell from £39.8m to £20m – but gave Vickers credit for having acted much more promptly to rationalise its car business than in the previous recession in 1981-82. This year, Vickers has cut the 5,000-strong workforce at Rolls-Royce by 1,300.

Sir David said Vickers's results this year would be very unsatisfactory. After tax and extraordinary items, the first-half loss was £13.8m, against a profit of £25.3m.

Defence contract confidence, Page 23; Lex, Page 20

# AEG sets deadline for sale of Olympia

By Christopher Parkes in Bonn

AEG, the German electrical and electronics company, faced with another DM200m ($119m) deficit this year, has set a deadline on its efforts to dispose of its biggest loss-maker.

The group's Olympia office equipment subsidiary will be closed and 6,700 jobs lost if a buyer is not found within four weeks, Mr Ernst Georg Stöckl, chief executive, warned yesterday. Talks were continuing with two foreign companies, but he viewed the chances of a successful deal with "muted optimism".

The subsidiary is expected to lose DM150m on sales of DM865m this year. In spite of a relatively good year for AEG as a whole – turnover is expected to rise 8 per cent to more than DM14bn – losses will be about the same as last year's DM205m, Mr Stöckl added.

Orders in the first six months have risen 7 per cent to DM9.6bn, thanks mainly to strong demand in the German market.

Olympia, based in Wilhelmshaven, has been losing money *for years and performance has* been deteriorating steadily since AEG, a subsidiary of the Daimler-Benz conglomerate, took overall control in 1985.

Other loss-makers, automation technology and magnetic levitation railway systems, are expected to emerge from the red in the 1992 financial year, according to Mr Stöckl. The drain on revenues from the car telephone business, AEG Mobile Communications, will be plugged by the sale of a 90 per cent stake to Matra of France.

Meanwhile, the company is negotiating with the Treuhandanstalt, east Germany's privatisation agency, to buy the DM500m-turnover LEW rail rolling-stock maker. AEG owned LEW before the communist takeover and the two companies have worked closely together for more than 10 years.

● Flender, part of the Deutsche Babcock group, is to be floated on German stock markets in December, Reuter reports from Düsseldorf.

Westdeutsche Landesbank Girozentrale (WestLB) said the company, a producer of engines, would shortly raise its nominal capital by DM22.5m to DM70m to pave the way for the flotation.

The bank said Flender's net profit for the year ended September, 1991 would be above the DM15m reported for the shortened 1990 business year. Turnover for 1990-91 would total around DM1.3bn.

# Valeo hit by weak demand as net profits fall 48%

By William Dawkins in Paris

VALEO, the French automotive components group, yesterday reported a 47.8 per cent decline in net profits for the first half of the year and warned it did not expect an improvement in car industry demand until 1992.

The group's sales fell by 6 per cent from FFr10.97bn ($1.91bn) to FFr10.3bn, on which net profits collapsed from FFr498m to FFr285m, hit by a FFr88m exceptional charge for job losses. Demand from the replacement market – a third of Valeo's sales – was stable.

Valeo has responded to the car industry's problems by selling non-essential activities and curbing costs, so that the workforce stood at 28,000 at the end of June, 9 per cent down on the 30,800 payroll at the end of the first half of last year.

Stocks have fallen by 3 per cent from the end of the December to the end of June, helping to reduce borrowings by FFr239m, so that net debt has fallen from 54 per cent of net assets to 46 per cent over the same period.

Car industry demand was hit sharply by the Gulf war in the first quarter and continued to be depressed in the second, except in Germany. In the eight months to the end of August, sales were 5 per cent down on the same period of the previous year.

German car demand is returning to a "more normal level" while activity in Europe generally and North American continues to be low.

However, the launch of several new models by Valeo's car producing customers should contribute to a stronger market next year, said the group.

# Cerus posts FFr315m net loss

By William Dawkins in London

CERUS, the French holding company controlled by Mr Carlo De Benedetti, the Italian financier, yesterday announced a FFr315m ($55.2m) net loss for the first half of the year, burdened by heavy finance charges.

The figure is not directly comparable with the FFr15m profit the group made in the first half of 1990, because of the number of disposals Cerus has made since then to reduce the debts accumulated to finance its abortive attempt to take control of Société Générale de Belgique, the Belgian conglomerate, in 1988.

Thanks to these divestments, Cerus has reduced its debts from FFr4.1bn at the end of last year to FFr567m by the end of June. Since the reduction took place progressively during the first half, there were still heavy finance charges to pay, but Cerus's results should recover "substantially" in the current half, said the group.

Valeo, the automotive components group which is 35.9 per cent owned by Cerus, and which also published first-half results yesterday, was performing satisfactorily in a difficult market, while Banque Duménil-Leblé was extending its services, said the group.

Cerus at the same time confirmed the appointment of Mr Michel Cicurel, former managing director of Galbani, the French-owned Italian cheese supplier, as managing director, in place of Mr Jacques Letertre.

Mr Letertre was also at one time chairman of Duménil-Leblé, whose Swiss subsidiary was a victim of a fraud involving Italian shares early in the summer.

# Hillsdown in £280.7m rights issue

By Jane Fuller in London

HILLSDOWN Holdings, the UK food, furniture and housebuilding concern, launched a £280.7m ($485.6m) rights issue yesterday to reduce debt and pay for acquisitions.

The 1-for-4 issue at 210p did not please the market, and the share price fell 11 per cent to 227.5p, wiping nearly £140m off the group's value. Earnings per share, which fell 14.5 per cent last year, are not expected to grow again until 1993.

Mr Kevin O.Sullivan, finance director, said the issue could dilute earnings by 1 to 2 per cent this year and 3 to 4 per cent next, although he thought this was the worst scenario.

Sir Harry Solomon, chairman, said of the issue: "We are much more comfortable with gearing of 15 per cent than 50 per cent."

The group planned to develop its food business in Europe and North America, by taking advantage of opportunities to buy companies in the £25m to £50m bracket. Food accounts for more than 80 per cent of the business.

Mr O.Sullivan said net debt was forecast to fall from £494m to about £400m this year. The rights issue should reduce that year-end figure to £120m.

Hillsdown's move last year to take control of Maple Leaf Foods in Canada had incurred C$300m (US$265.4m) debt, pushing group borrowings to more than £600m. By the end of this year, the C$300m outlay will have been recouped by disposals and cash management.

Nearly a quarter of the rights issue proceeds will go to Canada to enable Hillsdown to participate in Maple's recently announced C$ 222m share issue to fund acquisitions. It will cost the UK parent C$126m to maintain its 56 per cent holding.

First-half results announced earlier this month showed a slight fall in pre-tax profit to £77.6m from £78.9m on sales of £2.37bn, against last year's figure of £1.88bn.

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# Redland declines by 27% midway

By Andrew Taylor, Construction Correspondent

PRE-TAX profits at Redland, the world's biggest roof tile manufacturer, fell 27 per cent to £78.8m ($137m) during the first six months of this year.

The company, also a leading supplier of aggregates and bricks in the UK, said an excellent performance in Germany was offset by falling profits elsewhere.

Profits were sharply down in Britain and the US, where the recession in the construction industry has been greatest. Profits were also lower in Australia and in continental Europe, excluding Germany. Redland shares rose 5p to 553p in London following the publication of the results.

Germany accounted for 40 per cent of group profits during the first six months. This compared with 30 per cent in 1990 and 20 per cent in 1989, said Mr Gerald Corbett, finance director.

Redland has been expanding in eastern Germany where it last year acquired four out of the five former state-owned roof tile plants. Mr Corbett said that in September Redland had produced more tiles in eastern Germany than in the UK. The eastern German plants, since July, had been making profits as spending on house repairs in the former German Democratic Republic had risen.

Trading has been less comfortable outside Germany. Redland's UK profits in the first half slumped by 45.6 per cent. Overall group turnover fell by 11.9 per cent to £684m. Earnings per share fell from 23.3p to 13.1p. The interim dividend was maintained at 8.25p.

Mr Corbett said that gearing, following the group's £280m rights issue earlier this year, had fallen to 14 per cent.

Redland warned that trading in the second half of the year would continue to be constrained by recession. The outlook for the UK remained poor, although parts of the US and Australia were showing signs of recovery. Sales in continental Europe, outside Germany, were weakening.

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# Nordbanken swallows its medicine

## John Burton on the Swedish bank's drive for a cleaner balance sheet

BANKING history was being written, according to the gallows humour introduction made by Mr Hans Dalborg, the Nordbanken president, in announcing credit losses and provisions of SKr9.5bn ($1.5bn) for 1991. "We have the largest loss a Swedish bank has ever recorded.

The huge setback for state-controlled Nordbanken, which reported an operating loss of SKr4.6bn for the first eight months of this year, is a textbook example of the mounting problems confronting the Scandinavian banking sector.

Nordic banks are now suffering the consequences of financial deregulation, lax credit controls and overweening ambition. "The balloon that was blown up during the carnival years of the 1980s has burst," said Mr Dalborg, who took over at Nordbanken in January.

Nordbanken's new management team was surprised by what it discovered after the government ousted the bank's former executives in December as credit losses climbed.

"What the hell is going on here?" was how Mr Lars Thunell, the former head of financial services at Asea Brown-Boveri, described his reaction when he joined the bank in June as deputy chief executive.

Nordbanken has travelled a rocky road since it was formally inaugurated in June 1990 out of a merger between state-controlled PKbanken and its smaller provincial rival, Nordbanken.

The merger capped a rapid acquisition drive by PKbanken during the late 1980s as it attempted to boost its sluggish profitability by expanding away from its traditional customer base of small savers and lending to local governments and housing authorities.

Besides buying the UK bank English Trust and the Swedish state investment bank, PKbanken paid SKr2.7bn for the Swedish brokerage firm Carnegie and SKr5.9bn for the old Nordbanken.

PKbanken paid too much for Carnegie and the old Nordbanken as part of an attempt to compete on equal terms with Sweden's other two main banks, Skandinaviska Enskilda Banken and Svenska Handelsbanken, according to Mr Dalborg.

The price for the old Nordbanken included goodwill of SKr2.1bn, now considered an overvalued figure. Nordbanken has written off the remaining goodwill of SKr1.9bn, contributing to its pre-tax loss of SKr6.6bn for the eight-month period.

The acquisitions by PKbanken will now be the subject of an independent commission, appointed by Mr Dalborg, to examine the policies of both PKbanken and the old Nordbanken during the late 1980s. The move is seen as an attempt by the bank's current management to distant itself from responsibility for the crisis.

PKbanken was led in the late 1980s by Mr Christer Zetterberg, who is now the chief executive of Volvo. The old Nordbanken was headed by Mr Rune Barneus, who become president of the new Nordbanken last year, before losing his job in December.

Nordbanken now has SKr15bn in non-performing loans on its books and most of

Hans Dalborg: criticised Nordbanken's predecessors

these credits were granted between 1988 and 1990. The losses mainly consist of large loans to finance, property and investment companies, such as Nyckeln and Mobilia, that went bankrupt as the value of their property holdings fell due to the recession.

The single largest amount of credit losses claimed by Nordbanken this year went to companies controlled by Mr Erik Penser, who had a 13.5 per cent interest in Nordbanken after he sold Carnegie to the bank. Mr Penser's corporate empire collapsed last month after Nordbanken and S-E-Banken said he failed to fulfil loan agreements, with the banks taking over his assets.

Mr Dalborg criticised Nordbanken's predecessors for taking "unreasonably large risks" in their lending. He added that internal controls on lending were lax following financial deregulation in the mid-1980s. Borrowers could get loans from several branches, with the central office lacking oversight over the extent of the loans.

The decision to make provisions this year for two-thirds of the non-performing loans is designed to cleanse the bank's books quickly and restore confidence. "Despite the losses, which make me indignant and angry, Nordbanken is a secure bank," said Mr Dalborg.

Operating profits before loan losses and provisions fell by only 4 per cent to SKr3.4bn, while 215 of the 230 branch offices have positive lending records following recent efforts to tighten supervision.

Moreover, the new non-socialist government, which wants to privatise Nordbanken, has indicated it will accept plans for the Swedish state to subscribe to a SKr5bn new share issue by the bank.

This would allow Nordbanken to meet the capital adequacy ratio mandated by the Bank of International Settlements, while guaranteeing continued lending.

# Stet lifts operating earnings

By Haig Simonian in Milan

STET, the holding company controlling Italy's public-sector telecommunications activities, raised operating earnings by 1.8 per cent to L1,546bn ($1.2bn) in the first half of this year.

The company forecast that, despite slower economic growth at present, earnings for 1991 as a whole "should be in line with the trend seen in recent years". Net profits at consolidated group level last year rose 5.3 per cent to L1,355bn.

Consolidated sales rose by 14 per cent to L11,100bn, while investment, concentrated in the SIP telephone operating company, reached a record L5,267bn in the first half.

● BANCA Commerciale Italiana, the big state-owned Italian bank, announced a rise in operating profits to L564.7bn in the first half of this year, from L536.7 in the same period last year.

However, including extraordinary items – notably one-off capital gains, which pushed up operating earnings by L82.1bn last year – earnings amounted to L570.8bn against L623.3bn in the first six months of last year.

The bank said total deposits rose by 11.8 per cent to L79,570, while total loans rose by 16.4 per cent to L72,814bn.

# Paribas reports little change

By William Dawkins

PARIBAS, the French investment banking group, yesterday reported little change in first-half profits, with a steep rise in operating revenues outstripping a fall in capital gains.

Net profits, including minority payments, rose fractionally to FFr2.05bn ($35.9m), from FFr2.04bn in the six months. Earnings from the group's banking subsidiaries and dividends from investments climbed steeply to FFr778m from FFr188m: and gains on the capital account fell from FFr1bn to FFr522m.

Paribas also announced it was increasing provisions for doubtful debts by 31 per cent from FFr2.48bn to FFr3.23bn. The group had warned of a rise in corporate bankruptcies at Banque Paribas, its investment banking subsidiary and a rise in consumer loan defaults, at Compagnie Bancaire, its financial services unit.

Moody's, the US credit rating agency yesterday put Compagnie Bancaire's long-term borrowings under surveillance for a possible rating reduction, citing the growth in competition on the French market.

Shareholders' funds at Paribas have risen from FFr44.7bn at the end of 1990 to FFr57.8bn by the end of June.

## INTERNATIONAL COMPANIES AND FINANCE

# Pepkor expected to buy Checkers chain for R120m

By Philip Gawith in Johannesburg

PEPKOR, the South African retailing group, appears poised to take over Checkers, one of South Africa's three largest supermarket chains, in a deal believed to be worth about R120m (US$42.6m).

Although no announcement has yet been made, both groups have issued cautionary announcements in the past few days. It has been public knowledge for at least a year that Checkers was for sale as its parent, *Tradegro, was in the* process of divesting assets.

Pepkor considered acquiring Checkers last year, but agreement could not be reached on price. Matters were also complicated by a shareholder who sought to prevent the unbundling of Tradegro. Earlier this week, Tradegro's scheme of arrangement received judicial sanction from the Rand Supreme Court.

According to industry sources, the deal would involve Sankorp, the industrial arm of the Sanlam insurance group, selling its stake in Tradegro to Pepkor, which would thereby obtain control of the Checkers chain.

Pepkor's most important interests are the Pep Stores chain – which has about 700 outlets selling mostly clothing, footwear and household goods – and the Shoprite chain of 72 supermarkets. Shoprite is expected to take over the Checkers stores.

Pepkor is believed to be planning a store rationalisation programme which could affect *as many as 100 of its 168 stores.* Many of the stores are encumbered with expensive leases which need to be renegotiated. Pepkor is believed to have offered some of the stores to Checkers' main competitors such as OK Bazaars and Pick 'n Pay.

# Hopewell advances 15.5% to HK$724m

By Angus Foster in Hong Kong

HOPEWELL Holdings, the Hong Kong property and construction group, yesterday announced a 15.5 per cent increase in net profits for the year to the end of June.

The company reported profits after tax of HK$724.5m (US$93.6m) compared with HK$627.4m a year ago. Turnover dipped to HK$982m from HK$1.07bn last time.

Mr James Wu, chairman, said core divisions had per*formed satisfactorily despite* a general economic slowdown.

The company paid a special interim dividend in May before a HK$5.7bn rights issue. There was no final dividend. Total dividends for the year increased 8.3 per cent to 26 cents a share.

Hopewell completed a hotel project and two other developments during the year, boosting its investment portfolio to 197,000 sq m. Profits from the company's property holdings are set to rise sharply in 1991 and 1992, helped by new tenancies and rental reversions.

Mr Gordon Wu, managing director, issued a warning on Hong Kong's rising property prices. He said that increases this year, sometimes of more than 40 per cent, were inflationary and would squeeze first-time buyers out of the market.

Work is continuing on Hopewell's Guangzhou superhighway, a dual three-lane road linking Hong Kong's border with the capital of China's Guangdong province.

● Sino Land, one of Hong Kong's most aggressive property developers, announced a 43.5 per cent increase in net profits to HK$553.86m for the year to end-June. Turnover also rose sharply, up 41.4 per cent to HK$1.57bn.

The company is paying a final dividend of 8 cents a share, taking total dividends for the year to 14.5 cents, up *31.8* per cent.

● The Hong Kong Stock Exchange yesterday voted against the reform package being pushed through by the Securities and Futures Commission, the overall market watchdog. The outcome of the vote was expected.

The stock exchange has until next month to introduce *the SPC's reform package vol*untarily or face statutory action.

# Brierley Investments tumbles to NZ$211m in year to June

By Terry Hall in Wellington

BRIERLEY Investments (BIL), the New Zealand investment and trading group, yesterday reported a 47.3 per cent drop in profit after tax to NZ$211.7m (US$121.7m) in the year to June, compared with a net *profit of NZ$401.7m in the pre*vious year.

Results were depressed by flat performances in New Zealand and Britain, where the group has 57 per cent of its assets following last year's takeover of Mount Charlotte, the UK hotel group. A big improvement is expected in New Zealand due to management changes there.

*Mr Bruce Hancox, chairman,* said the past year had been the harshest the company ever faced. "But I've no doubt we'll do better this year," he added.

Mr Hancox said directors were comfortable with the results of the first quarter. These had been helped by a sharp reduction in interest costs in the UK and New Zealand. Monthly group interest costs fell from NZ$38m in January to NZ$22m currently.

Mr Paul Collins, chief executive, *announced a cut in* annual dividend payout from 11 cents to 9 cents. He said that the corporate policy was to maintain or increase that dividend level and to aim for the company to be a NZ$2 stock in four years.

He said the company was involved in a number of "interesting" and "very surprising" plays. These could involve buying, *selling and swapping* assets, but the size of investments would be governed by divestments, he said.

Tozer Kemsley and Millbourn, the UK-based motor division, enjoyed a favourable year, helped by strong demand for its automotive franchises, including Suburu and Mazda dealerships.

The Mount Charlotte hotel group in the UK had performed as well as its competitors had in the recession, the group *said, and only its heavy debt* burden had prevented the division from making a substantial contribution to profits.

● Carter Holt Harvey (CHH), New Zealand's largest forestry group which is 31 per cent controlled by BIL, said yesterday it had filed a prospectus for the flotation of Simsmetal, the Australian scrap metal company, with the Australian Securities Commission, Reuter reports from Auckland.

Mr Richard Carter, CHH executive chairman, said that CHH expected to receive total proceeds of about A$185m on completion of the flotation.

# CSR downgrades profit forecast

By Kevin Brown in Sydney

CSR, the Australian sugar and building products group, yesterday downgraded its profits forecast for the current year, citing "very difficult market conditions in all the company's businesses".

Earlier this year, CSR forecast a fall in net profits to around A$275m (US$219.3m) from the A$326m achieved in 1990-91. However, the group said it felt obliged to revise the forecast to "somewhere in the vicinity of A$200m".

CSR said that results for the first half were expected to follow the normal pattern of being a little higher than the second half, due to the cyclical nature of some of the group's businesses.

The group also said it was improving productivity and expected to reap "significant rewards" from economic recovery in Australia and the US, its two main markets.

In the short-term, however, sugar profits are expected to fall by 60 per cent from last year's level of A$86m as a result of floods and drought during the growing season. Production is expected to fall by 17 per cent to 7m tonnes.

The mill most affected would process less than half its rated capacity of cane and operate for only about 13 weeks, the group said. Profits have also been hit by low sugar prices.

*CSR said aluminium prices* were at their lowest level since January 1987, and are expected to average around 20 per cent less than last year. The division made A$34m last year, but is expected to achieve "little better than break-even".

The Australian building and construction business is not expected to match last year's profits of A$145m, but the group gave no indication of the likely extent of the decline. It said there was some confidence that the steep decline in activity had ceased, but signs of positive and substantial recovery had yet to emerge.

The US building materials division was benefiting from modest signs of recovery from depressed conditions, particu*larly in Florida,* but results were expected to be "significantly down" on last year's A$35m.

# Great Nordic to launch DKr500m rights issue

By Hilary Barnes in Copenhagen

GREAT NORDIC (GN), the telecommunications and electro-technical manufacturing group, plans a DKr500m (US$77m) rights issue to help finance optical fibre cables projects between Denmark and the Soviet Union and in Poland, the group announced yesterday.

The issue will be a one-for-two issue at the market price and will be launched within the next two months.

GN has concluded three important contracts this year, including a contract to lay an optical fibre telecommunications cable between Copenhagen and Leningrad, for a north-south optical fibre cable through Poland, and as a member of a consortium which won the licence to set up a new Danish mobile phone network in competition with the net operated by the phone companies. GN's first half turnover was down from DKr734m to DKr585m.

# Riyad Bank to increase paid-in capital to SR2bn

RIYAD BANK, Saudi Arabia's second biggest in terms of assets, said that it would increase its paid-in capital tenfold to SR2bn (US$533.3m) during October, Reuter reports from Manama.

The bank, which is owned by the Saudi Arabian Monetary Agency and Saudi shareholders, *said in a statement that it* would first transfer SR1bn from its reserves to capital.

A bank statement said the transfer would not affect the net worth of the bank, which has assets of more than SR40bn. However, it would increase the number of outstanding shares to 12m from a current total of 2m. About 8m of the new shares would subsequently be sold to the public, *the statement said. The shares* would be sold at a premium to par value, which is SR100.



# JCI to curtail South Deep gold mine project

By Philip Gawith

Johannesburg Consolidated Investments (JCI) has announced plans to proceed with its new South Deep gold mine in an extremely curtailed form, confirming that there is no possibility of starting a major new gold mine with the gold price at its current level.

Mr Kennedy Maxwell, chairman of JCI's gold and uranium division, said yesterday that current plans for developing the mine could be funded with the R168m (US$59.6m) cash reserves the mine currently has available to it. South Deep Exploration Company raised R289m when it was listed in November 1990.

*When the project was first* unveiled last year, JCI was planning to spend R2.2bn to bring the mine to production. Mr Maxwell described it then as "probably the largest and most important known gold ore body remaining to be exploited".

Mr Maxwell said with the gold price at current levels it was not propitious to go to the market to raise money for the project as originally envisaged. The savings will be made by pursuing a more modest shaft development plan, which will not restrict the mine's ability to revert to its original plan should the market improve.

Mr Maxwell said it was JCI's view that the market for gold *would turn around in the next* few years.

# INTERNATIONAL COMPANIES AND FINANCE

## President's retirement sparks split at Chevron

By Alan Friedman in New York

MR WILL PRICE, the outgoing president of Chevron USA, said the group's decision to split into three separate companies was triggered by his decision to take early retirement next year.

Chevron, the fourth biggest oil and gas group in the US, said this week that it would divide its US subsidiary into separate exploration/production and refining/marketing companies.

Warren Petroleum, a wholesale marketer of natural gas liquids that was part of Chevron USA, will become a third stand-alone company. All three groups will now be separately managed and report to Mr Ken Derr, chairman of the Chevron group.

Mr Price stressed in an interview that his retirement, at the age of 60, was voluntary. The split of Chevron USA would remove one layer of management, "and that is my job".

Chevron brought together a series of regional operations into one company – Chevron USA – in 1976. "Over the course of the years the business has changed and it is now clear we can better serve our customers by dividing Chevron USA along functional lines," Mr Price said.

Chevron, based in San Francisco, does not break down turnover figures inside the group, but the US unit now being split had estimated yearly sales of $24bn last year, of total group turnover of $42.6bn.

The refining and marketing side of Chevron USA recorded about $17bn of estimated annual revenues, compared with about $7bn for the exploration/production side and Warren Petroleum.

The marketing segment sells 1.4m barrels a day of oil, of which the Chevron USA exploration and production side supplies only 550,000 b/d.

Chevron USA has 22,000 employees. The new exploration/production company will have about 8,700 employees, the marketing company 12,300 and Warren Petroleum about 1,000.

Mr Price pointed out that Chevron's reorganisation was similar to those of Arco and Amoco, two of the company's biggest competitors.

## Storms buffet Swiss Re but payout remains intact

By William Dullforce in Geneva

SWISS REINSURANCE (Swiss Re), the world's second largest reinsurer, yesterday disclosed a 22 per cent slide to SFr216m ($148m) in consolidated net earnings in 1990.

Profits had suffered from exceptional losses due to winter storms, Mr Walter Diehl, chairman, told shareholders.

The parent company in Zurich made a net profit of SFr141.2m, which is 19.7 per cent down on 1989. The board proposes to pay an unchanged dividend of SFr45 a share and SFr9 per non-voting share, making a total payout of SFr97.9m.

At the group level, Swiss Re recorded an underwriting loss of SFr717m on its non-life business, against a loss in 1989 of SFr414m. By contrast, in life insurance the group increased its underwriting earnings from SFr77m to SFr93m.

Financial income from investments rose by SFr33m to SFr1.71bn, while other income and outgoings gave a positive balance of SFr61m. Management expenses had remained stable while taxes were significantly lower, Swiss Re said.

Group gross premiums rose by 10.8 per cent in original currencies last year but, when converted into Swiss francs, the increase in volume declined by 1.2 per cent, to give a total of SFr14.9bn. Net premiums amounted to SFr13.9bn, which was also 1.2 per cent higher than in 1989.

Gross premium income at the parent company increased by 0.9 per cent to SFr4.78bn, but this concealed an increase of 11.4 per cent in original currencies.

The parent's non-life underwriting loss increased to SFr478m from SFr226m, while its profit on the life business, at SFr41m, was SFr1m higher.

● Zurich Insurance, the biggest Swiss insurance group, yesterday reported a 17 per cent improvement to SFr10.6bn in gross premiums written during the first half of the year.

Provided the remaining months do not expose the group to extraordinary losses or exceptional fluctuations in investments or exchange rates, Mr Fritz Gerber, chairman, expects a further improvement in full-year earnings. In 1990 the group posted net profits of SFr387m.

Part of the first-half growth in premiums was attributed to currency fluctuations, the dollar in particular having strengthened against the Swiss franc. Nevertheless, premium growth in local currencies had been "a pleasing 9 per cent", Mr Gerber said.

## Electrolux prepares to clean up across Europe

By Andrew Baxter

ELECTROLUX, the world's largest white goods manufacturer, yesterday relaunched its Electrolux brand across Europe in an attempt to strengthen its market position.

The Swedish company, whose other brands include Zanussi and Frigidaire, aims to reposition Electrolux as a pan-European "upper mass-market brand", beneath top-end specialist makes such as AEG or Miele but above middle ranges such as Zanussi and Hotpoint, according to the company.

Electrolux sees the initiative, codenamed Alpha, as the start of the third and final stage of its pan-European business strategy. This started in the mid-1980s with acquisitions of groups such as Zanussi, then an ailing Italian white goods maker. Since then, Electrolux has spent about $1.13bn on reshaping its manufacturing capacity and products for the whole European market.

Electrolux hopes the initiative will improve finances during the next two or three years, but there will be no immediate return. Although its first-half profits were better than expected at SKr917m ($150m) against SKr1.01bn a year earlier, the company is cautious about the business outlook.

## SAS to cut some flights

SCANDINAVIAN Airlines System (SAS) said yesterday that it would reduce or stop service on three trans-Atlantic routes as part of a bid to save costs, writes John Burton in Stockholm.

SAS, which reported a record loss of SKr1.05bn ($172m) for the first half of 1991, described the routes from its hub airport in Copenhagen to Toronto, Chicago and Sao Paulo as unprofitable. SAS will also stop flying to Tampere in Finland.

Service on the Chicago route will be shared with Austrian Airlines, while Swissair will take over the Sao Paulo service.

Swissair and Austrian Airlines are part of an alliance of medium-sized European airlines formed with SAS.

The flight-cutting measures follow stalled negotiations with trade unions about the carrier's cost-cutting programme, which includes pay freezes and job losses.

## Petrobras monopoly challenged

By Victoria Griffiths in Sao Paulo

BRAZIL'S federal government stepped up its efforts to put an end to state-owned Petrobras' monopoly in the country's oil sector this week with a proposal to allow private groups to drill for oil in Brazil.

Several foreign oil groups have expressed interest in operating in Brazil.

President Fernando Collor de Mello has already proposed the end to the company's monopoly in oil refining. Both proposals have to be approved by Congress.

Of the many constitutional changes President Collor has proposed, the end to Petrobras' monopoly may be one of the easiest to get through Congress. Public resentment against the state oil giant runs high, and consumers often complain of excessively high petrol prices.

Opposition to Petrobras' monopoly gained strength following a strike by the country's oil workers this month.

Petrobras is one of the country's biggest and most lucrative state-owned groups. Net profits in the first six months of this year surged to a record $888m.

## Union Carbide cost cuts include loss of 5,500 jobs

UNION CARBIDE, the big US chemicals company whose second-quarter earnings tumbled by 60 per cent to $46m, is to cut its workforce by 5,500 people and take a fourth-quarter charge of between $100m and $150m, writes Alan Friedman.

The move is part of a cost-cutting programme that aims to reduce annual expenses by $250m by 1994. The fourth-quarter charge will cover severance payments and other provisions and reserves, including write-offs of impaired assets.

Mr Robert Kennedy, chairman, said the aim was to improve the company's profitability by reducing fixed costs at factories, cutting administrative and sales expenses and divesting several small non-strategic businesses.

The company's first-quarter earnings were lowered to $88m from $94m – both first and second-quarter income suffered from the serious disruption caused by an explosion that killed several workers last March at a chemicals plant in Seadrift, Texas.

Mr Kennedy said in a letter to employees that Union Carbide was dedicated to meeting its health, safety and environmental responsibilities.

## Time Warner in talks on 'tricontinental' alliance

By Alan Friedman

MR STEVEN Ross, chairman of Time Warner, the largest US media and entertainment group, told the company's annual meeting that he expected to announce a strategic alliance by the end of this year.

Mr Ross and Mr Nick Nicholas, his co-chief executive, have held talks for several months with European and Japanese companies about a possible joint venture that would pool Time Warner assets with international investment.

The aims of such a deal would be to improve Time Warner's access to non-US entertainment markets and reduce the company's heavy debt burden, which was reduced this year from $11.5bn to $8.9bn after a rights offering.

Mr Ross spoke of a "tricontinental" alliance, and opened the door to a possible deal between hardware and software companies. There have been rumours in the entertainment world that Time Warner might seek a deal with a Japanese consumer electronics company and a European entertainment concern.

This year, the group formed Regency Enterprises, a Netherlands-based film production and marketing venture, with Canal Plus, the French television company, Scriba & Deyhle, the German media group, and Mr Arnon Milchan, a producer.

# INTERNATIONAL CAPITAL MARKETS

# Japanese bonds take off on hopes of discount rate cut

By Sara Webb in London and Patrick Harverson in New York

SPECULATION that the Bank of Japan is about to cut its official discount rate pushed Japanese government bonds to their highest levels since January 1990.

Traders said the Bank of Japan could announce a rate cut as early as today if the consumer prices indices due out this morning show a fall in inflation. The government is due to announce nationwide price figures for August and Tokyo figures for September. The discount rate was cut from 6 per cent to 5.5 per cent on July 1.

The benchmark No 129 bond rose strongly to yield 5.945 per cent before closing at 5.96 per cent, helped by a fall in overnight unsecured call money rates to 6⅝ per cent yesterday.

The No 129 bond opened yesterday with a yield of 6.01 per cent before falling sharply on speculative and hedge-selling.

However, the market saw strong technical support when the December futures contract reached 99.26 and the No 129 bond yielded 6.04 per cent – bond prices recovered to reach the highs of the day. Traders noted strong buying in the two to five year sector of the bond market.

■ US government securities firmed at the short end but eased at the long end of the maturity range as the market digested the implications of mostly bearish new economic data.

By midday, the benchmark 30-year government bond was down ⅛ at 102⅜, yielding 7.907 per cent.

The two-year note, however, was up ⅛ at 100⅛, to carry a yield of 6.075 per cent.

The market had opened firmer across the board on news of a larger-than-expected rise in weekly initial jobless claims and an unexpected revision of the second-quarter gross national product figure, which was changed from a decline of 0.1 per cent to a decline of 0.5 per cent.

Both sets of data suggested the economy was in a weaker state than originally thought.

## GOVERNMENT BONDS

Prices at the long end, however, soon retreated in the face of profit-taking, while the short end of the market retained its firmness, an indication that dealers and investors are betting on another cut in short-term interest rates soon.

■ UK government bonds ended mixed yesterday, with short-dated gilt prices barely changed on the day while long-dated gilts fell on profit-taking.

The return on the gilt market is estimated to be 9 to 10 per cent for the third quarter, but traders expect to see some consolidation now.

"For the moment, the gilt market is at the mercy of the opinion polls and sterling's performance in the foreign exchange markets," one trader said.

The Liffe gilt futures contract fell to 95.27 from its opening of 96.04 while the benchmark 11¾ per cent gilt due 2003/07 fell to 114⅛ from 114¾.

■ THE LONDON International Financial Futures Exchange (Liffe) yesterday announced that trading in the Italian government bond (BTP) futures contract will be possible on the exchange's automated pit trading system in the early evening trading session, with effect from Monday.

The futures contract was launched on September 19 and since launch has had an average daily volume of 10,295 contracts. It is currently traded during the daytime on the exchange's trading floor.

■ GERMAN government bonds ended little changed on the day although traders noted further strong interest in the new four-year Treasury notes.

As expected, the Bundesbank left credit policies unchanged after its regular council meeting yesterday. The discount rate was left at 7.5 per cent and the Lombard emergency financing rate at 9.25 per cent.

News that September figures for the preliminary cost of living for western Germany showed a month-on-month increase of 0.2 per cent and a year-on-year rise of 3.9 per cent had little impact on the bund market. The Liffe bund futures contract opened at 85.30 and edged up to 85.33 by late afternoon.

Elsewhere, dealers said speculation that the Dutch government would announce a new bond issue shortly helped to push state Dutch bond prices slightly lower yesterday. It is widely expected that the government may re-open its 8.75 per cent bond due 2001 for tap sales.



## BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| AUSTRALIA | | 12.000 | 11/01 | 110.2456 | +0.527 | 10.34 | 10.53 | 10.66 |
| BELGIUM | | 9.000 | 06/01 | 98.9500 | -0.050 | 9.16 | 9.21 | 9.33 |
| CANADA * | | 9.750 | 12/01 | 103.0760 | -0.125 | 9.27 | 9.44 | 9.74 |
| DENMARK | | 9.000 | 11/00 | 99.3250 | -0.150 | 9.10 | 9.14 | 9.31 |
| FRANCE | BTAN | 8.000 | 11/96 | 97.7173 | -0.032 | 9.06 | 9.05 | 9.20 |
| | OAT | 8.500 | 01/01 | 103.9400 | -0.030 | 8.85 | 8.90 | 9.03 |
| GERMANY | | 8.750 | 08/01 | 102.0400 | -0.050 | 8.45 | 8.43 | 8.49 |
| ITALY | | 12.500 | 03/01 | 99.5900 | -0.010 | 12.57 | 13.09 | 13.35 |
| JAPAN | No 119 | 4.800 | 06/99 | 92.1078 | +0.169 | 6.30 | 6.46 | 6.79 |
| | No 129 | 6.400 | 03/00 | 102.4506 | +0.259 | 5.97 | 6.13 | 6.45 |
| NETHERLANDS | | 8.500 | 09/01 | 98.0000 | -0.070 | 8.80 | 8.80 | 8.82 |
| SPAIN | | 11.600 | 07/96 | 101.6802 | -0.020 | 11.30 | 11.42 | 11.77 |
| UK GILTS | | 10.000 | 11/96 | 101-10 | -02/32 | 9.66 | 9.61 | 10.01 |
| | | 10.000 | 02/01 | 102-09 | -06/32 | 9.62 | 9.53 | 9.80 |
| | | 9.000 | 10/08 | 95-25 | -07/32 | 9.52 | 9.29 | 9.78 |
| US TREASURY * | | 7.875 | 08/01 | 102-04 | +21/32 | 7.56 | 7.62 | 7.90 |
| | | 8.125 | 08/21 | 102-19 | +23/32 | 7.90 | 7.94 | 8.14 |

London closing, *denotes New York morning session. Prices: US, UK in 32nds., others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

## FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:40 pm on September 26

| | | | | | |
|---|---|---|---|---|---|
| [illegible] | | | | | |

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate. C.cpn=The current coupon.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



# Expiry date changes for futures 'too tame'

By Richard Waters

A NEW method for calculating the expiry price of futures and options contracts based on the FT-SE index will be introduced on Monday in an attempt to reinforce investor confidence in London's leading equity derivative instruments.

But the change will not settle the grumble that has echoed around the market for more than a year. Critics argue that London's method of handling the expiry is archaic and drives would-be investors away. The futures contract – and, ultimately, the underlying cash market – will suffer as a result, they claim.

In the past, the price of the FT-SE derivative contracts at expiry was calculated by taking the value of the index over a 10-minute period mid-way through the morning trading session. This had its drawbacks: the timing often coincided with the announcement of government statistics, adding to market volatility, for instance.

More damaging, though, has been the potential for abuse. In London's quote-driven market, the index is based on prices quoted by market-makers rather than the prices at which deals are actually done. By quoting artificial prices during the expiry period, individual market-makers could influence the expiry price in their favour.

The arguments erupted publicly in June 1990, when Goldman Sachs and Barclays de Zoete Wedd drove prices aggressively in opposite directions during the expiry period, causing extreme share price volatility. Both firms were later cleared of market manipulation, but reform became essential.

On Monday, two of those changes take effect: the expiry period will begin earlier, at 10.10am, and will extend over a 20-minute period, to make manipulation harder. From next June, the expiry day will also switch from the final business day of each quarter to the third Friday in the month.

More radical change is needed, according to some in the market. Goldman itself is among the most vociferous critics, claiming London should switch from a quote-driven to an auction-driven market at expiry time to reduce volatility, bringing it into line with most other leading markets.

Buy and sell orders should be pooled centrally and any imbalances ironed out to reach the expiry price, it says. The process could be handled before the market opens, allowing London's normal Seaq market to operate uninterrupted during normal market hours.

At present, London has a "deeply flawed expiry process which is inhibiting the growth of the contract," says Mr David Silfen, co-head of Goldman's equities division.

Few disagree that the FT-SE futures contract has been a mild disappointment. In spite of steady year-on-year growth, its progress pales beside the rapid growth of more recently introduced equity index futures in other markets, such as that based on the Dax index of leading German stocks.

The average daily value of the FT-SE futures and options contracts accounts for about 70 per cent of customer business in the underlying cash market – and a far smaller proportion of total stock market activity.

By international standards, that is far from successful. The London International Financial Futures Exchange puts the slow growth down to tax, regulatory and cultural issues, rather than any problems with the expiry. However, debate about the expiry rules is unlikely to end with the September contracts which expire on Monday.

# Petrofina set for London listing

By Andrew Hill in Brussels

PETROFINA, the oil and gas company which is Belgium's biggest industrial group, expects to be granted a listing on the London Stock Exchange today. Dealings in its shares should begin in London on Monday.

The group, already listed on eight European stock exchanges, including Frankfurt and Paris, said its listing application "recognised the increasing interest shown by international investors in European companies such as Petrofina".

In the UK, Petrofina – best known to the public through its Fina service stations – is involved in oil and gas exploration and production, and producing and selling paint.

## Correction
## Cholet Dupont

CHOLET DUPONT, the French stockbroking firm, is controlled by Crédit Lyonnais and not by Banque Nationale de Paris, as stated yesterday.





MITSUI TAIYO KOBE ASIA LIMITED

(Incorporated in the Cayman Islands)

US$ 1,200,000,000
Subordinated Floating Rate Notes 2000

In accordance with the provisions of the Notes, notice is hereby given that the interest rate for the three month period commencing 27th September, 1991 will be 5.80% per annum. Coupon Payment Date 27th December, 1991.

Coupon Amounts will be

| | | | |
|---|---|---|---|
| US$ | 14,661.11 | on Notes of US$ | 1,000,000 |
| US$ | 7,330.56 | on Notes of US$ | 500,000 |
| US$ | 1,466.11 | on Notes of US$ | 100,000 |

MITSUI TAIYO KOBE TRUST INTERNATIONAL LIMITED
Agent Bank

# INTERNATIONAL CAPITAL MARKETS

## Iosco gives a glimpse of standard

By Richard Waters

IF ANY doubts remained about how long it would take to develop a common international standard for the capital backing of securities companies, they should have been dispelled by developments this week in Washington.

At their latest annual meeting under the auspices of the International Organisation of Securities Commissions (Iosco), regulators from around the world reached tentative agreement on the first step towards a common standard. It took *three years of intricate discussion* to get this far: yet the results, even now, are so tentative as to offer little more than a rough indication of *what may lie ahead*.

The agreement amounts only to an attempt at partial convergence on how capital adequacy is assessed. Iosco has tackled the market risks run by securities companies, and what should be recognised as capital for regulatory purposes: it has not grappled with the overall risks they face. Some of the technical committee's members have argued that this partial approach could tilt the "level playing field" for which the regulators have been striving.

Against this background, the technical committee at least managed to reach three important conclusions this week – though none have the support *of all its members. They are:*

● Equity position risk – the most contentious of the subjects under discussion – *should be covered by capital* equivalent to 8 per cent of gross equity positions, and 4 per cent of net positions. Though the US supports the move, France, the UK and Japan argue that the rule is too strict and would require securities companies to take on excessive capital.

The rule as drafted does not take adequate account of the "different experiences of political risk, volatility and liquidity and the wide variety of individual market structures and other unique local features," they argue.

● Market risk should be assessed according to the so-called "building-block approach", rather than the "comprehensive approach" commonly used by securities regulators. This method, preferred by bank regulators, involves breaking a position risk into two elements – general market risk, and specific risk related to the company whose securities are held.

Japan, which recently introduced its own comprehensive system, has agreed to the switch – but only if all other technical committee members go along with the change. However, the US has said that the building block approach "could result in substantially lower capital requirements for equities" than required under Securities and Exchange Commission rules, and that, although it would support the method for other countries, it would not *adopt it itself*.

● Up to 70 per cent of a securities company's capital could take the form of subordinated loans. This represents a victory for those countries which had argued that such debt should comprise a large part of *qualifying capital, provided it* was adequately "locked in" and could not be repaid in certain circumstances. Two members of the committee argue that the 70 per cent ceiling is too low, two that it is too high.

## BRFS bond dispute to be heard by High Court

By Simon London

A DISPUTE between convertible bondholders and Bell Resources Financial Services (BRFS), once part of the empire of Mr Alan Bond, the Australian entrepreneur, will be settled in the High Court in London next month.

The dispute centres on the right of the company to call its outstanding $200m 5¼ per cent convertible bond issue before bondholders have the chance to exercise a put option.

The company plans to call the bonds at 103 per cent of face value on November 13. However, the trustee of the bond issue, Law & Debenture Trust Corporation, argued that the bondholders' right to put the bonds at 117.7 per cent of face value should take priority over the company's call.

The potential cost to the issuer depends on how much of the bond issue is outstanding. If none of the bonds have been converted into equity, a decision in favour of the bondholders by the High Court on October 7 could cost the company an additional $39.4m.

The BRFS case is believed to be the first of its kind involving a convertible bond issue which also includes an investor put option. The disputed issue, launched in 1986, was one of the first to use the structure.

The put option at a premium to face value is designed to ensure investors a high yield on the bonds even if the conversion rights become worthless – if the issuers share price collapses, for example. This form of financing later became popular with British corporations.

However, not all convertible bonds with a put option carry the same legal documentation and the BRFS test case may not apply to other bond issues should a similar dispute arise.

Bell Resources Financial Services is owned by Australian Consolidated Investments (ACIL), once a subsidiary of Bond Corporation, the *flagship* of Mr Alan Bond's business empire.

## December deadline set for concluding Salomon probe

By Patrick Harverson in New York

THE US Treasury promised Congress yesterday that it would conclude its investigations into illegal manipulations of the government securities market by early December. The investigations were launched after Salomon Brothers, the Wall Street securities house, admitted rigging government bond and note auctions.

Mr Jerome Powell, assistant Treasury secretary, told a House of Representatives' sub-committee hearing into the Salomon affair that the Treasury and other government agencies, such as the Securities and Exchange Commission and the New York Federal Reserve, would submit recommendations for legislative changes to improve market regulation as soon as their investigations were completed.

On Wednesday, the Treasury was given breathing space to finish its investigation into the Salomon scandal when the Senate passed a bill extending for one year the 1986 Government Securities Act, which grants the Treasury authority to regulate the government securities market.

Those powers were due to lapse on October 1, when the act was scheduled for reauthorisation.

The House of Representatives is expected to pass the reauthorisation soon.

At yesterday's hearing, Salomon officials said that two new violations of Treasury bidding rules by its traders had been found and that more irregularities may yet be discovered.

However, Mr Deryck Maughan, Salomon's chief operating officer, told the sub-committee that the firm had been asked by the US district attorney in New York and the Justice Department not to disclose details of the violations until their probe of Salomon was completed.

Mr Maughan also revealed to the hearing that Salomon had made "millions" of dollars after it garnered control of almost all of a May two-year note issue.

At the time, Salomon used its position to force other dealers to pay above-normal prices for the newly-issued securities.

Mr Maughan's admission that Salomon profited hugely from the May auction will strengthen the case of those securities dealers and investors who have filed lawsuits claiming damages for losses incurred because of Salomon's fraudulent activities.

The possibility that Salomon could be banned from participating in government securities auctions was again raised at the hearing when Mr Michael Basham, former deputy assistant Treasury secretary, told the sub-committee that stripping a securities house of its status as a primary dealer could be an appropriate punishment for serious violations of Treasury rules.

Mr Basham said that the government securities market would be able to function efficiently without Salomon.

The firm's chief operating officer, however, suggested that the market could be disrupted if Salomon's dealership privileges were revoked.

Mr Maughan said the firm's financial viability would be threatened if it lost its primary dealer status.

Salomon remains a primary dealer, although it is temporarily barred from submitting bids for customers in Treasury auctions.

## High demand for Allied-Lyons' £150m deal

By Tracy Corrigan

### INTERNATIONAL BONDS

A HANDFUL of new Eurobond issues met generally firm demand in a market that remains bullish.

In the sterling sector, Allied-Lyons, the UK food and drinks company, chose Baring Brothers to launch a successful £150m offering of bonds due 1999.

The deal met strong demand – from UK institutions in particular – reflecting the company's strong UK manufacturing name, and a reasonable yield spread of 81 basis points above the comparable gilt issue.

Recent speculation that Allied-Lyons may be a take-over target failed to dent enthusiasm for the deal. Event-risk protection written into the deal forces the borrower to redeem the issue at par if Allied-Lyons, currently without a long-term debt rating, is taken over. If the debt is rated, the event-risk protection will be triggered *should the debt be* downgraded below investment grade as a result of a restructuring.)

The funds, which are not swapped, will refinance existing bank debt, allowing the company to extend the maturity profile of its debt, while locking in a relatively low interest rate.

In the Ecu market, Export-Import Bank of Japan followed up Wednesday's sell-out deal for the European Bank for Reconstruction and Development with an Ecu250m five-year deal via Paribas Capital Markets. The deal met strong demand from the Far East as investors who had failed to get their hands on EBRD paper used up the money they had put aside.

The deal was swapped into floating-rate dollars, taking advantage of relatively attractive swap opportunities in the sector.

However, the fresh supply of paper in the next week or so is likely to be limited as Spain has postponed its expected Ecu1bn bond offering.

Strong demand is fuelling new issue activity in the Canadian dollar sector, although the lack of attractive swap opportunities continues to act as a brake.

Deutsche Bank Finance launched a C$250m five-year deal, priced to yield just 22 basis points above the comparable Canadian government bond.

Even taking into account the tightening of Canadian Euro-bond spreads in recent months, the deal was considered aggressively priced. "Deutsche Bank pushed rather hard on the pricing, but demand is so firm that the deal worked anyway," one dealer said.

The deal met strong demand in Germany, where retail investors, for whom spreads are less relevant, find the relatively high yields attractive, and the Deutsche Bank name, one of few remaining banks rated Triple-A, always sells well.

The deal was bid at 99.75, three basis points above its fixed reoffered price.

### NEW INTERNATIONAL BOND ISSUES

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees | Book runner |
|---|---|---|---|---|---|---|
| US DOLLARS | | | | | | |
| Centocor Inc.(b)§† | 125 | 6¾ | 100 | 2001 | 2½/1½ | CSFB |
| ECUs | | | | | | |
| Exp.Imp.Bk of Japan(a)† | 250 | 9 | 101.565 | 1996 | 1⅞/1⅛ | Paribas Cap.Mkts. |
| STERLING | | | | | | |
| Allied-Lyons(a)† | 150 | 10⅞ | 100⅞ | 1999 | 1⅞/1⅛ | Baring Bros. |
| CANADIAN DOLLARS | | | | | | |
| Deutsche Bk Finance NV(a)† | 250 | 9⅞ | 101.345 | 1996 | 1⅞/1⅛ | Deutsche Bk Cap.Mkts. |
| YEN | | | | | | |
| Mitsubishi Electric Corp(a)† | 30bn | 6⅞ | 101½ | 1997 | 1⅞/1⅛ | Daiwa Europe |
| FRENCH FRANCS | | | | | | |
| LVMH(c)† | 750 | zero | 100 | 1995 | - | Societe Generale |
| D-MARKS | | | | | | |
| Nat.Bk of Hungary(d)† | 500 | 10¾ | 100½ | 1996 | 2¼/1⅜ | Dresdner Bk |

***Private placement. §Convertible. #With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Callable 10/92 at 105%, declining by 1% annually to par in 1997. Conversion premium fixed at 19.02%. Coupon payable semi-annually. c) Amount increased from FFr600m. Redemption linked to increase of LVMH stock. d) Amount increased from DM400m. Non-callable.*

## Basle warms to swaps change

By Tracy Corrigan

THE BASLE Supervisors Committee may be closer to accepting a change in the calculation of banks' swap exposure, which would reduce the amount of capital banks have to hold against swap transactions.

Without such a change, the Basle accord, which comes into force in January 1993, could place the future of the $3,000bn global swaps market in jeopardy, according to Mr Mark Brickell, chairman of the International Swap Dealers Association, speaking at the association's regional conference in London yesterday.

But, after four years of lobbying, the ISDA is optimistic that the Basle Supervisors' Committee will recognise the concept of "netting" – offsetting opposite swap exposures – in their capital adequacy guidelines.

Swaps, which "may be the most successful financial product introduced in the 1980s", according to Mr Brickell, could come under severe threat if the Basle capital rules take force in January 1993 in their current form.

The rules would force banks to hold an 8 per cent ratio of capital to risk-based assets. The amount of capital required for swap agreements would be calculated according to the total notional exposure of each swap agreement.

ISDA is lobbying for the acceptance of the concept of netting, or offsetting opposite swap transactions. This would allow banks to calculate net exposure and put aside capital accordingly.

Netting "can substantially reduce the risk of a swap portfolio," Mr Brickell said. Without it, banks would probably turn to alternative financial products. The concept of netting is now legally enforceable in most markets, Mr Brickell added.

Should there be no change from Basle, it is not only the swaps market which could be hit, but also the $560bn market in other off-balance sheet financial products such as over-the-counter options, forward-rate agreements, and caps and floors, all of which can also be netted.

The Supervisors' Committee has agreed to give further consideration to the issue, and Mr Brickell believes this "should lead to a decision to permit netting".

However, there are complex issues surrounding the means of calculating exposure, which has to be "marked to market" – that is adjusted according to market movements.

# LONDON MARKET STATISTICS

## FT-ACTUARIES SHARE INDICES

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| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Thursday September 26 1991: Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%)) | Est. P/E Ratio (Net) | xd adj. 1991 to date | Wed Sep 25 Index No. | Tue Sep 24 Index No. | Mon Sep 23 Index No. | Year ago (approx) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (184) | 855.24 | +0.4 | 9.26 | 5.66 | 13.46 | 28.07 | 851.80 | 847.24 | 847.39 | 678.45 |
| 2 | Building Materials (24) | 1065.74 | -0.2 | 7.34 | 5.84 | 17.80 | 33.99 | 1068.10 | 1066.77 | 1067.17 | 867.49 |
| 3 | Contracting, Construction (31) | 1165.50 | +0.6 | 8.27 | 6.24 | 16.40 | 42.94 | 1158.36 | 1159.04 | 1165.16 | 1022.64 |
| 4 | Electricals (11) | 2651.75 | +0.6 | 8.25 | 4.98 | 15.54 | 69.65 | 2634.63 | 2630.54 | 2618.17 | 1850.95 |
| 5 | Electronics (25) | 1780.18 | +0.3 | 10.76 | 5.36 | 11.75 | 49.11 | 1774.16 | 1764.82 | 1769.63 | 1512.18 |
| 6 | Engineering-Aerospace (8) | 381.88 | +1.2 | 16.19 | 6.57 | 7.46 | 14.36 | 377.36 | 374.17 | 374.19 | 409.50 |
| 7 | Engineering-General (45) | 492.56 | -0.6 | 10.09 | 5.21 | 12.25 | 14.61 | 495.51 | 493.42 | 496.20 | 362.64 |
| 8 | *Metals and Metal Forming (8)* | *464.96* | *+0.6* | *14.09* | *7.60* | *8.61* | *17.48* | *461.96* | *455.74* | *452.33* | *385.55* |
| 9 | Motors (12) | 360.72 | -0.4 | 8.28 | 6.68 | 15.43 | 14.36 | 362.25 | 360.14 | 363.38 | 269.75 |
| 10 | Other Industrial Materials (20) | 1626.95 | +1.2 | 7.80 | 5.01 | 15.24 | 55.15 | 1608.25 | 1594.10 | 1586.84 | 1157.59 |
| 21 | CONSUMER GROUP (187) | 1543.61 | -0.5 | 7.49 | 3.62 | 16.48 | 30.65 | 1550.91 | 1544.12 | 1551.05 | 1137.67 |
| 22 | Brewers and Distillers (22) | 1926.83 | -0.2 | 8.04 | 3.49 | 15.14 | 34.88 | 1931.07 | 1923.49 | 1937.62 | 1391.81 |
| 25 | Food Manufacturing (19) | 1224.01 | -0.7 | 9.38 | 4.07 | 13.16 | 26.32 | 1233.17 | 1225.03 | 1224.73 | 983.50 |
| 26 | Food Retailing (17) | 2500.11 | -1.6 | 8.90 | 3.38 | 14.69 | 45.01 | 2540.42 | 2524.83 | 2550.80 | 2249.22 |
| 27 | Health and Household (22) | 3639.41 | -0.7 | 5.56 | 2.60 | 20.64 | 58.20 | 3664.93 | 3670.09 | 3697.35 | 2336.14 |
| 29 | Hotels and Leisure (23) | 1340.07 | -0.3 | 8.16 | 5.26 | 14.93 | 37.66 | 1344.70 | 1335.34 | 1338.83 | 1133.59 |
| 30 | *Media (26)* | *1559.24* | *+0.5* | *6.93* | *4.55* | *18.85* | *41.89* | *1550.77* | *1536.96* | *1547.94* | *0.00* |
| 31 | Packaging, Paper & Printing (17) | 765.36 | +0.3 | 7.35 | 4.26 | 16.53 | 22.26 | 763.14 | 760.01 | 761.52 | 475.54 |
| 34 | Stores (32) | 996.50 | -0.2 | 7.63 | 3.74 | 17.07 | 18.14 | 998.72 | 990.16 | 986.51 | 732.81 |
| 35 | Textiles (9) | 631.67 | -0.4 | 7.29 | 4.92 | 17.41 | 15.16 | 634.16 | 634.36 | 631.91 | 397.66 |
| 40 | OTHER GROUPS (109) | 1297.06 | +0.1 | 9.30 | 5.00 | 13.52 | 35.14 | 1295.46 | 1281.58 | 1279.46 | 944.60 |
| 41 | Business Services (12) | 1386.35 | ........ | 7.86 | 4.71 | 15.76 | 30.08 | 1385.92 | 1381.79 | 1384.11 | 0.00 |
| 42 | Chemicals (21) | 1457.68 | -0.3 | 6.95 | 4.95 | 17.77 | 47.20 | 1462.84 | 1444.99 | 1439.16 | 964.89 |
| 43 | Conglomerates (10) | 1553.01 | +0.1 | 9.39 | 6.77 | 12.90 | 37.80 | 1551.77 | 1529.78 | 1522.64 | 1262.48 |
| 44 | Transport (13) | 2389.82 | +0.4 | 7.14 | 4.76 | 17.35 | 66.14 | 2379.77 | 2372.22 | 2351.76 | 1759.39 |
| 45 | *Electricity (16)* | *1277.02* | *-0.1* | *13.76* | *5.10* | *9.48* | *27.53* | *1278.30* | *1266.83* | *1273.16* | *0.00* |
| 46 | Telephone Networks(4) | 1565.28 | -0.4 | 9.58 | 3.88 | 13.66 | 28.34 | 1571.29 | 1544.30 | 1546.65 | 1039.39 |
| 47 | Water(10) | 2436.65 | +1.1 | 16.78 | 6.32 | 6.60 | 118.37 | 2409.72 | 2433.17 | 2456.52 | 1954.94 |
| 48 | Miscellaneous (23) | 1915.07 | +1.3 | 5.21 | 5.17 | 26.58 | 68.99 | 1890.81 | 1866.93 | 1845.98 | 1465.34 |
| 49 | *INDUSTRIAL GROUP (480)* | 1297.83 | -0.1 | 8.43 | 4.47 | 14.78 | 32.07 | 1299.24 | 1290.61 | 1292.76 | 967.21 |
| 51 | Oil & Gas (20) | 2406.38 | +0.9 | 10.85 | 5.77 | 12.18 | 92.84 | 2385.65 | 2365.34 | 2369.65 | 2322.49 |
| 59 | 500 SHARE INDEX (500) | 1393.54 | ........ | 8.72 | 4.63 | 14.40 | 36.86 | 1393.40 | 1383.84 | 1386.16 | 1077.52 |
| 61 | FINANCIAL GROUP (92) | 830.47 | -0.4 | - | 5.63 | - | 29.98 | 833.86 | 828.62 | 826.97 | 637.31 |
| 62 | Banks (9) | 966.87 | -0.3 | 4.41 | 5.51 | 42.56 | 36.83 | 969.44 | 956.17 | 949.72 | 663.67 |
| 65 | Insurance (Life) (7) | 1580.22 | -0.3 | - | 5.36 | - | 60.57 | 1584.87 | 1594.07 | 1602.99 | 1263.16 |
| 66 | Insurance (Composite) (6) | 632.00 | -1.7 | - | 6.95 | - | 28.25 | 642.97 | 640.17 | 638.43 | 543.25 |
| 67 | Insurance (Brokers) (9) | 1155.87 | -0.1 | 7.05 | 5.86 | 18.56 | 41.27 | 1157.52 | 1165.98 | 1165.11 | 789.00 |
| 68 | Merchant Banks (7) | 482.77 | +1.0 | - | 4.37 | - | 12.54 | 477.95 | 478.65 | 477.74 | 326.34 |
| 69 | Property (36) | 967.28 | -0.2 | 5.75 | 4.83 | 24.46 | 22.40 | 969.43 | 964.96 | 967.11 | 863.41 |
| 70 | Other Financial (18) | 269.85 | +0.3 | 10.77 | 6.81 | 11.67 | 9.28 | 268.93 | 267.46 | 269.36 | 236.21 |
| 71 | Investment Trusts (69) | 1255.31 | ........ | - | 3.45 | - | 25.50 | 1255.50 | 1246.88 | 1248.51 | 969.29 |
| 99 | ALL-SHARE INDEX (661) | 1257.16 | ........ | - | 4.73 | - | 34.68 | 1257.74 | 1249.20 | 1250.68 | 970.90 |

| | Index No | Day's Change | Day's High (a) | Day's Low (b) | Sep 25 | Sep 24 | Sep 23 | Sep 20 | Sep 19 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX‡ | 2595.6 | -2.2 | 2608.9 | 2595.6 | 2597.8 | 2576.6 | 2579.5 | 2600.3 | 2588.7 | 2009.1 |

## FIXED INTEREST

| | PRICE INDICES | Thu Sep 26 | Day's change % | Wed Sep 25 | Accrued interest | xd adj. 1991 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | Up to 5 years (28) | 122.58 | +0.08 | 122.49 | 2.07 | 8.78 |
| 2 | 5-15 years (27) | 135.39 | -0.08 | 135.50 | 1.99 | 10.24 |
| 3 | Over 15 years (9) | 143.93 | -0.19 | 144.21 | 1.04 | 10.60 |
| 4 | Irredeemables (6) | 161.29 | -0.02 | 161.33 | 3.24 | 8.83 |
| 5 | All stocks (70) | 133.69 | -0.04 | 133.74 | 1.97 | 9.88 |
| | Index-Linked | | | | | |
| 6 | Up to 5 years (2) | 165.26 | +0.10 | 165.10 | 0.41 | 2.72 |
| 7 | Over 5 years (9) | 148.40 | +0.01 | 148.38 | 0.69 | 3.42 |
| 8 | All stocks (11) | 149.60 | +0.02 | 149.57 | 0.65 | 3.40 |
| 9 | *Debs & Loans (58)* | 115.96 | +0.03 | 115.93 | 2.35 | 7.90 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Thu Sep 26 | Wed Sep 25 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low | 5 years | 8.60 | 8.57 | 11.14 |
| 2 | Coupons | 15 years | 9.36 | 9.34 | 11.14 |
| 3 | (0%-7¾%) | 20 years | 9.36 | 9.35 | 11.14 |
| 4 | Medium | 5 years | 9.64 | 9.64 | 12.22 |
| 5 | Coupons | 15 years | 9.51 | 9.48 | 11.66 |
| 6 | (8%-10¾%) | 20 years | 9.46 | 9.44 | 11.48 |
| 7 | High | 5 years | 9.84 | 9.83 | 12.30 |
| 8 | Coupons | 15 years | 9.60 | 9.58 | 11.94 |
| 9 | (11%-) | 20 years | 9.52 | 9.50 | 11.80 |
| 10 | Irredeemables | | 9.55 | 9.55 | 11.22 |
| | Index-Linked | | | | |
| 11 | Inflation rate 5% | Up to 5yrs. | 3.87 | 3.89 | 4.57 |
| 12 | Inflation rate 5% | Over 5 yrs. | 4.23 | 4.23 | 4.39 |
| 13 | Inflation rate 10% | Up to 5 yrs. | 3.25 | 3.26 | 3.36 |
| 14 | Inflation rate 10% | Over 5 yrs. | 4.05 | 4.05 | 4.20 |
| 15 | Debs & | 5 years | 11.08 | 11.08 | 14.26 |
| 16 | Loans | 15 years | 10.90 | 10.90 | 13.05 |
| 17 | | 25 years | 10.74 | 10.74 | 12.71 |

‡Opening index 2597.0; 9 am 2603.1; 10 am 2606.9; 11 am 2608.7; Noon 2605.7; 1 pm 2605.0; 2 pm 2602.3; 2.30 pm 2602.6; 3 pm 2597.2; 4.10 pm 2596.8; (a) 10.55am (b) 4.26pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 24 | 35 | 24 |
| Corporations, Dominion and Foreign Bonds | 0 | 5 | 15 |
| Industrials | 300 | 234 | 964 |
| Financial and Properties | 135 | 74 | 552 |
| Oils | 21 | 15 | 52 |
| Plantations | 0 | 0 | 10 |
| Mines | 22 | 31 | 102 |
| Others | 44 | 44 | 48 |
| Totals | 546 | 438 | 1,767 |

## LONDON RECENT ISSUES

### EQUITIES

[illegible]

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1991 High | 1991 Low | Stock | Closing Price £ | + or - |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |
| 100 | F.P. | - | 90 | 77½ | Claymore 9¼pc Cnv. Ln. 2000-01 | 79½ | |
| 100p | F.P | - | 111½p | 104½p | Gartmore Scotland Zero Div Prf. | 111p | |
| 100p | F.P. | - | 109½p | 102½p | Kleinwort High Income Zero Div Prf. | 109½p | |
| - | F.P. | - | 96 | 95⅜ | Land Securities 10pc 1st Mtg Deb 2027 | 95⅜ | -⅛ |
| 100p | F.P. | - | 104p | 102½p | Nat. West Bank 9pc Prf Series A | 102½p | -¼ |
| - | F.P. | - | 107½ | 107½ | Third Mile 8pc Cv Uns Ln 2001 | 107½ | |

## RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1991 High | 1991 Low | Stock | Closing Price p | + or - |
|---|---|---|---|---|---|---|---|
| 285 | Nil | - | 76pm | 53pm | British Polythene | 73pm | -3 |
| 220 | Nil | - | 49pm | 29pm | Ladbroke 10p | 34pm | -1 |
| 435 | Nil | - | 102pm | 54pm | P & O Defd. £1 | 69pm | +3 |
| - | Nil | - | 13pm | 12pm | Record Hldgs. 5p | 12pm | |
| 200 | Nil | - | 10pm | 10pm | Third Mile Inv. Units | 10pm | |

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. g Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ¢ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

## TRADITIONAL OPTIONS

● First Dealings Sept. 23
● Last Dealings Oct. 4
● Last Declarations Dec. 23
● For settlement Jan. 6

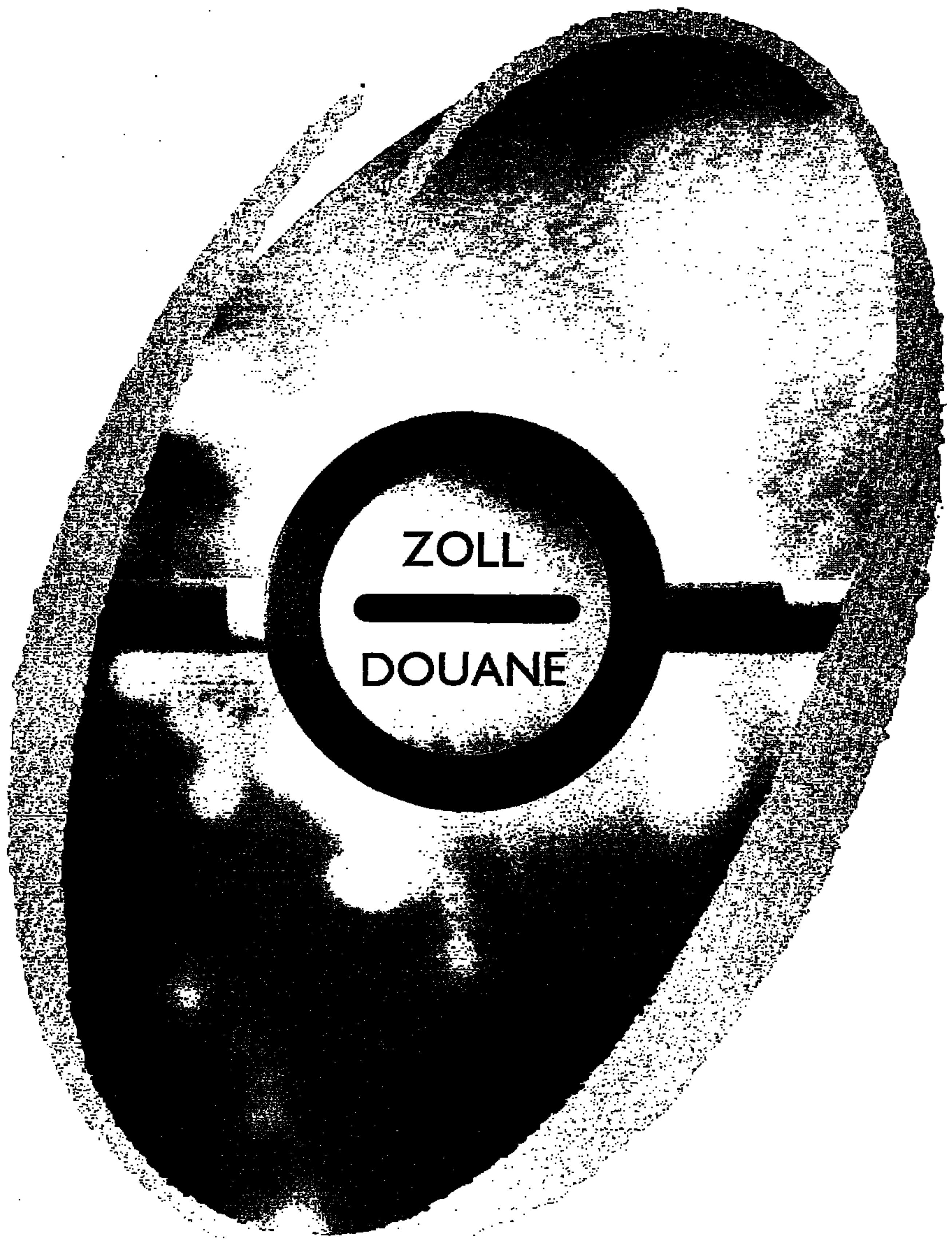
*For rate indications see end of London Share Service*

Calls: Allied-Lyons, Aviva, BTR Warrants 1993/4, Cadbury, Costain, Grand Met., Lee (A.), Next, Premier, Thames TV, Wassall. Puts: Evered, Speyhawk. Put & Call: Owners Abroad.

## LONDON TRADED OPTIONS

[illegible]

# IT'S BETTER OPEN!




And next week, managers all over Europe
will find out exactly why it's to their advantage.

digital™

The £200m UK borrowing facility has been renegotiated after breaching loan convenants

# Barratt £106m in red after £84m provisions

**By Andrew Taylor, Construction Correspondent**

BARRATT DEVELOPMENTS, one of the UK's biggest housebuilders, yesterday announced a £105.9m pre-tax loss for the year to June 30, against profits last time of £30.2m. The company has also re-negotiated its £200m UK borrowing facility after breaching its loan covenants.

The losses included provisions of £84m, of which £73m was to cover write-downs in the value of the group's land holdings in southern England and California. In the previous 12 months, the group made pre-tax profits of £30.2m.

Sir Lawrie Barratt, who has been brought out of retirement to resume as executive chairman, said the group's priority was to reduce borrowings which had risen steeply during the past three years. It intended to do this without resorting to a rights issue.

The company intends to raise $30m-$40m by selling some of its housing land in the US where it was now in the process of re-negotiating a $109m (£62.6m) loan facility with its US banks.

Sir Lawrie said that the interest charge on the UK loan facility had risen only slightly following the successful re-negotiation with the four English and three Scottish clearing banks.

In a bid to make savings Barratt had, since April, closed unprofitable subsidiaries in the southern England, Los Angeles and Washington DC in the US and and in France. About 200 jobs had been cut.

It had also reduced by 20 per cent its stock of unsold houses and cut by 40 per cent the number of unsold homes it holds as a result of part-exchange deals.

Net debt at the end of June was £159.6m, equivalent to 93 per cent of shareholders' funds.

Sir Lawrie said he intended to reduce gearing to below 50 per cent, "back to the levels prevailing when I retired in December 1988 when the group made pre-tax profits that year of £61.5m".

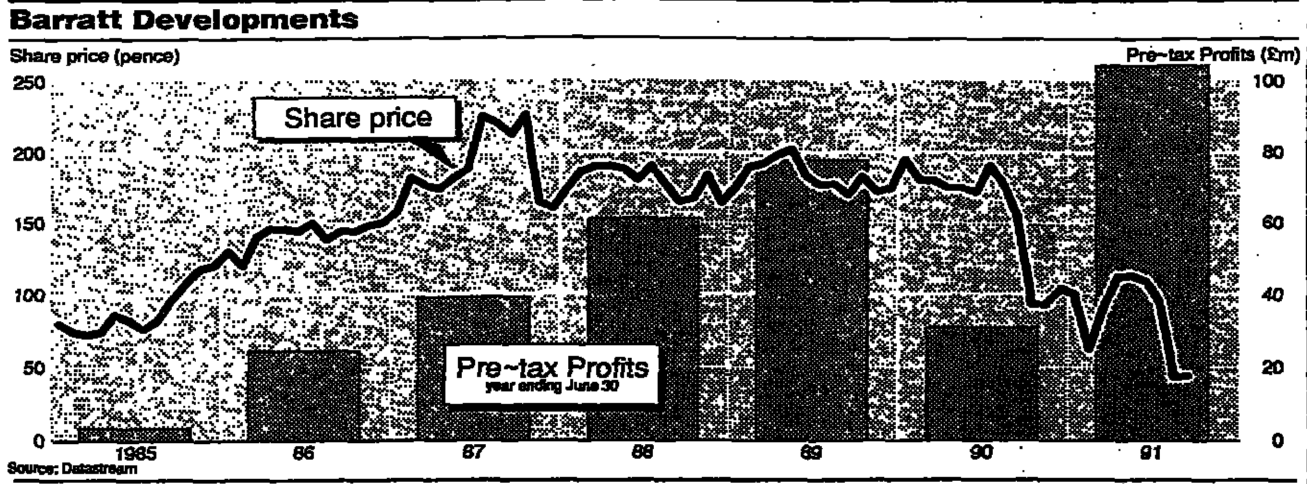
He said it was with great sadness he had to report the first pre-tax loss incurred by the group since he founded the business in 1958. As a result, it was decided not to pay a final dividend. The interim distribution of 3.2p would stand.

Sir Lawrie blamed previous management for purchasing expensive land in southern England and the US during 1988, 1989 and 1990. He said that falling prices meant the value of this land was now substantially below what the group had paid for it.

Write-downs on individual sites had been as much as 30 per cent.

Sir Lawrie also criticised previous management for failing to control work in progress. Stocks of unsold houses had been excessively high. This was now being corrected by Mr Frank Eaton who replaced Mr John Swanson as chief executive two months ago.

There have been a number of senior management changes since Barratt first revealed the size of its losses at the end of July. Among the latest casualties is Mr Mark Frazier, who was asked by the Barratt board to resign as chairman of the US operations. He was replaced this week by Mr Michael Norton.




Source: Datastream

Trevor Humphries

Correcting previous errors: from left to right, Bob James, group finance director, Sir Lawrie Barratt and Frank Eaton

**● COMMENT**

If anybody is capable of riding the up and downs of the housing market, it should be Sir Lawrie Barratt. His company has taken on the characteristics of a roller-coaster during the 1980s. The current problems caused by the collapse of housing markets in southern England and California have been compounded by the decision to go on buying land after the market had peaked. The plan is to reduce debts by selling some sites in California and by building out and swapping sites in southern England. Good housekeeping to keep overheads down will help. The market may have reached bottom in the UK and US but recovery is likely to be slow.

The group has a long haul ahead. A nominal profit or break-even would be a good performance in the current year. Only for the brave, therefore – even though the shares at 54p yesterday stand at less than half of their high for the year of 124p.

See Observer

# Provisions will force Sansui to £80m loss

SANSUI ELECTRIC, a subsidiary of Polly Peck International, yesterday said it would report a Y18.6bn ($80.17m) loss in the first half of the year, following a decision to take provisions on part of the Y87.8bn in loans extended to Capetronic, its Taiwanese subsidiary.

Sansui said the decision to take provisions was prudent in view of the poor performance of the company, which was purchased from Polly Peck in May 1990 as part of a general restructuring of the two groups' consumer electronics operations in the Far East.

News of the losses took the market by surprise, coming only a day after Mr Michael Jordan of Cork Gully, senior administrator for Polly Peck, presented proposals to the Sansui board under which Sansui shares would be sold to Grande Holdings of Hong Kong, an electronics manufacturer controlled by Mr Stanley Ho, the Macau casino tycoon.

Yesterday Sansui would not comment on the proposals, but it is thought to be cool towards the idea.

Sansui said it expected eventually to be able to recover the lending, but that this would not be until the business of its subsidiaries recovered.

Capetronic, a manufacturer of electronic components bought by Polly Peck in 1988, was a financially strong company until it ran into difficulties last autumn. The merger between the two companies was intended to restore Sansui to profitability in 1990 through dividends remitted from Capetronic.

Before accounting for the bad loan provisions, Sansui reported a pre-tax loss of Y3.39bn, in spite of increasing sales.

The company said it expected to post a Y19bn loss for the whole year, although this figure could be lower if Sansui elected to make further bad loan provisions.

Details of the merger plans revealed yesterday suggest that Grande would take a 32 per cent stake in Sansui, the Tokyo-listed electronics subsidiary of Polly Peck International, and is seeking permission from the Tokyo stock exchange to raise its stake to 51 per cent before the end of the year.

The 32 per cent stake would be in return for a loan of up to $50m (£28.7m) as working capital for Sansui and some management support.

If the Tokyo stock exchange gives permission for the stake to be raised without the need for a general offer, a joint venture between Grande and Semi Tech, owner of the Singer sewing machine trademark, will acquire a further 19 per cent at about Y250 per share.

If that transaction is approved, Sansui's audio products will be marketed through Singer's retail network, which has excess capacity. Semi Tech would also offer Singer's installment payment system to purchasers of Sansui equipment in markets like Mexico and Thailand.

● In a separate development, Del Monte Foods of the US yesterday filed a lawsuit in a federal district court in New York, against Polly Peck International and its subsidiaries, alleging breach of contract, unfair competition and infringement of Del Monte's trademark rights.

In September 1989 Polly Peck paid $875m to acquire the fresh fruit operations of the Del Monte group. The rest of Del Monte, including the processed food business, became a separate independent company last year when it was acquired from RJR Nabisco in a leveraged buy-out by its management and Merrill Lynch, the New York securities house.

*Reporting by* **Steven Butler** in Tokyo, **Angus Foster** in Hong Kong, **Alan Friedman** *in New York and* **David Barchard** and **John Mason** in London

**Proceedings against Mr Asil Nadir, chairman of Polly Peck International, will be transferred to the Old Bailey on November 7, Bow Street magistrates ruled yesterday.**

**Mr Nadir, who was remanded on bail of £3.5m until then, faces 18 charges of theft and false accounting involving £25m.**

**The charges were originally brought against him by the Serious Fraud Office in December last year following a three-month investigation.**

**The direct transfer to Crown Court takes place under the recently introduced procedure allowing large fraud cases to by-pass committal proceedings before a magistrates court.**

# AGB plunges £13m into red in second half of last year

**By Bronwen Maddox**

AGB International, the UK's largest market research group and part of publisher Mr Robert Maxwell's constellation of private companies, plunged to a £13m operating loss in the second half of 1990.

The loss compares with a £24m profit for the previous 18 months.

Earlier this month, Mr Maxwell cut the top layer of management from the company, fuelling speculation that it was for sale.

The group, which holds the main British Audience Research Bureau contract for UK television audience sampling, has been criticised recently by advertising agencies for unexpected swings in viewing figures since a new audience panel was introduced in August.

Analysts have speculated that Nielsen, the US market research concern, would be interested in the company. Nielsen fought off AGB's attempts to break into lucrative US audience measurement but failed in turn to wrest the main UK television contract from AGB.

Accounts filed at Companies House show that AGB's central market research businesses incurred an operating loss of £2m before rationalisation costs in the six months to December 1990, compared with a £17.5m profit in the 18 months to June 1990.

The slump occurred even though market research turnover of £73.5m was proportionately higher in that period, over a third of the £207m made in the 18 months.

Losses on recruitment and other professional services businesses were £300,000 (£5.3m profits) and rationalisation of Australian businesses gave an exceptional charge of £10.5m, which contributed to the overall operating loss of £13.2m.

At December 1990 AGB had net debts including finance lease commitments of £52.5m, a £16m rise in six months. It also had loans from other companies controlled by Headington Holdings, AGB's immediate parent, of £61.7m, up from £23.3m. The accounts say Headington Holdings provided interest-free loans.

The balance sheet shows negative net assets of £1.7m at December 1990, compared to £26.5m assets at June 1990. The accounts have been prepared on a going concern basis because Robert Maxwell Group, another of Mr Maxwell's holding companies, agreed to provide financial support to discharge all liabilities as they fall due.

# United Newspapers blames recession for fall to £39m

**By Raymond Snoddy**

PROFITS AT United Newspapers, the publishing and exhibition group which publishes the Daily and Sunday Express and the Daily Star, fell by nearly a third in the first half of 1991 because of the effects of recession.

Pre-tax profits emerged at £38.6m, against £56.6m.

Lord Stevens, chairman, said: "We are not assuming an increase in trading activity in the remaining months of the year, but we do expect to see an overall improvement in the second-half results."

The results were slightly above expectations and the shares rose 14p to 398p.

Turnover, at £411.2m, was slightly down on last year's £423.7m, though earnings per share at 11.8p were down by 34 per cent. The interim dividend is maintained at 7.5p.

Lord Stevens said that £13m had been trimmed from the cost base since the beginning of the year: 18 magazines were sold and 12 closed. Most were small.

The volume of national newspaper advertising was marginally up and the Daily Express and the Daily Star maintained their circulations against a 4 per cent fall in the popular newspaper market.

The Sunday Express fell 6 per cent, 1 per cent worse than the Sunday popular market, before the effects of recent editorial changes.

Reductions in classified and display advertising hit United's regional newspapers but trade shows and exhibitions generally remained strong.

Lord Stevens said that following the end of re-equipment programmes United's capital expenditure was now returning to more normal levels and an improvement in cash generation would result.

Mr Derek Terrington, of Kleinwort Benson, is forecasting pre-tax profits of £88m for the full year and warned yesterday that United could be slow to come out of recession. Debt would also not be out of the way for another year.

# Yule Catto rises to £9.87m

**By Michiyo Nakamoto**

GROWTH IN its overseas markets and resilient exports from its UK operations were behind a rise from £9.39m to £9.87m in interim pre-tax profits at Yule Catto, the speciality chemicals and building products group.

Mr Allister McLeish, finance director, said sales had increased to £127.4m (£118.4m) as the group focused more strongly on new sectors and new outlets for its products.

The speciality chemicals division increased its profits contribution to £8.45m (£7.49m) while building products also saw an improved performance with pre-tax contributions rising to £3.9m (£3.05m).

The agriculture and land division, based on the Malaysian plantation, incurred a loss of £5,000 (£987,000 profit) before it was sold.

Earnings per share were up 16 per cent to 7.2p (6.2p) and the interim dividend is raised to 2.3p (2p).

## UK COMPANY NEWS

# Ibstock Johnsen plunges to £7.2m

By Michiyo Nakamoto

DEPRESSED PRICES and excess capacity in its recession-hit markets slashed pre-tax profits at Ibstock Johnsen, the bricks and forestry products group, from £22.2m to £7.2m in the six months to the end of June.

"These are dire times," commented Mr Ian Maclellan, group managing director.

Ibstock's core brick business was hit by continuing weakness in its main markets, while its forest products division suffered from low pulp prices.

There was nothing to suggest that the full year would be better, Mr Maclellan added. "We cannot align ourselves with politicians who tell us we are coming out of the recession," he said.

The building products division, which is dependent on the severely depressed UK commercial market and the US housing market, suffered both from lower demand and margins because of the combined effects of high stocks and excess capacity.

Profits from building products were halved at £7.51m (£14.9m). In the first half UK brick prices fell by 16 per cent.

In the US the loss increased to £796,000 (£524,000). Housing starts in the north east, the primary market, were down by 22 per cent and were expected to be below 1m units in 1991 – the lowest level since statistics were started.

Its European business saw trading profits down to £1.57m (£1.78m).

Promising demand came for its premium brand bricks from Japan.

Pulp business was depressed by the fall in prices and the division reversed into a £586,000 loss (£6.74m profit).

Mr Maclellan warned that it would be "over-optimistic" to expect results this year to exceed those of 1990.

There was a continuing oversupply of bricks and he expected the commercial building market to deteriorate further.

Tony Andrews

Ian Maclellan (left) and Peter Aspden, finance director

Earnings per share fell to 1.97p (6.71p). The interim dividend is maintained at 2.25p on increased capital.

**● COMMENT**

Even in the light of the depressed state of the market for building materials these are sobering figures indeed. The group, which is remarkably straightforward about its problems, is the first to admit that there is little scope for much improvement in the immediate future either in the building materials or pulp operations. There is also a creeping worry that the steps it has taken, commendable as they are, have simply come too late. However, Ibstock is still one of the most successful companies in the bricks business, holding margins at 20 per cent when many of its competitors are making losses. It is financially sound with strong cash flow, high liquidity and low gearing. Full year forecasts of anything from £11m to £14m makes the multiple at 22 to 30 times meaningless. Nevertheless, although the dividend is uncovered, given a maintained 1991 total an 8 per cent yield is not unattractive, while for those of a patient bent the upturn promises more.

# McLaughlin Harvey loss up to £4.9m

By Don Farrell

AFTER providing exceptional charges of £4.05m, pre-tax losses at McLaughlin & Harvey increased from £257,000 to £4.9m in the six months to June 30.

The interim dividend is passed.

Mr Charles Denny, chairman of this construction group, said the most immediate consequences of deteriorating trading conditions had been a sharp rise in bad debts and increasing difficulties in getting satisfactory account settlements on completed contracts.

Therefore, £2.8m had been written off construction work in progress and £1.28m provided against bad debts.

He expected some recovery on final settlements but it was difficult to see any short-term improvement in market conditions especially in central London and the south east.

In contrast, trading conditions in Northern Ireland had been relatively good and activity continued at a high level.

Turnover improved to £55.9m (£51.8m), but before exceptional items there was a loss of £845,000 (profit £1m before exceptionals £1.27m).

Losses per share came to 75.5p (1.3p). Last year the interim dividend was 3.25p.

# Vickers optimistic on overseas contracts

By Andrew Baxter

VICKERS, the engineering group which yesterday announced a £4.3m pre-tax loss after exceptional items, expressed confidence about future defence contracts overseas.

This followed the award in June of a £530m order from the government to supply the Challenger 2 main battle tank for the British army.

Sir Colin Chandler, managing director, said the market for tanks such as the Challenger was largely in the Gulf, and Vickers was going after a number of opportunities.

The British order was the biggest Vickers had received, and an immense boost to its hopes for further success in export markets. This, the group said, would make a significant contribution to the growth through the 1990s.

The British order was still two years from reaching production, and the real financial impact would come from 1994 to 1997.

The results were dominated by the substantial downturn in demand at Rolls-Royce Motor Cars, but analysts said the performance of the rest of the group was creditable in light of the recession.

Sir David Plastow, chairman and chief executive, said all other main activities were continuing to perform satisfactorily.

In particular the medical division, a world leader in neonatal intensive care products, neurodiagnostic systems and intensive care patient monitoring, was doing better than last year, said Sir David.

Cosworth, the UK high-performance engine company acquired last year, had performed slightly better than in 1990, while results of the marine engineering division were about the same.

Ross Catherall, the aerospace business, was managing successfully the effects of a depressed market for its products.

# Bilston & Battersea in red

Bilston & Battersea Enamels tumbled into the red in the first half of 1991 as the Gulf war resulted in fewer overseas customers for its range of hand decorated boxes and clocks, writes Graham Deller.

Sales at this USM-quoted group declined by 27 per cent to £1.61m (£2.2m) leaving pre-tax losses of £52,000 against profits of £222,000. Losses per share emerged at 0.9p, against earnings of 3.4p and the interim dividend is passed.

The effects of the recession also hit the group with many stockists reducing inventory levels. The workforce was cut and short-time working introduced. The directors said, however, that third quarter sales were showing some improvement.





# Travis Perkins falls 60% as margins are slashed

By Peggy Hollinger

TRAVIS PERKINS, the UK's fifth largest builders' merchant, contributed to the generally grim news in the UK construction sector with a 60 per cent drop in interim pre-tax profits to £5.47m.

Mr Tony Travis, chairman, also warned that the second half would "not be much better" than the first six months. "But hopefully it won't be much worse," he added.

Turnover was down 12.5 per cent to £156.1m in both volume and value. The housing slowdown in the Midlands and south-east, where the group is based, had severly affected demand. Travis derives just over 70 per cent of its sales from housing repair, maintenance and improvement.

Mr Travis said the results had been "pretty bad all round". Net operating margins were slashed from 7 per cent to 3.2 per cent and bad debts were £1.7m – about three times higher than in normal conditions.

However, Mr Travis said the group had maintained gross margins at 30 per cent: "It is the only thing we can boast about . . . It has been a very difficult market." He said the group's position had stabilised since last year, although there was no sign of any improvement.

"We are concentrating on cutting costs and reducing our stocks," said Mr Travis. The company cut 10 per cent of its staff during the six months, leaving about 3,600 employees. Some 200 more jobs were expected to go before the end of the year; 12 of the group's 164 branches were closed. Redundancy costs came to between £400,000 and £500,000.

Property disposals brought in £598,000, compared to £751,000 last time. Mr Travis said he hoped these would pick up in the second half.

Earnings per share plunged by 5.3p to 3.8p, but the interim dividend is maintained at 2.5p, a cover of 1.5 times.

**● COMMENT**

Grim, grim and grimmer, said Mr Travis, finding little silver in his particular cloud. In fact, there might be some good news: although the market has declined some 14 per cent, Travis Perkins has seen sales fall just over 12 per cent. Preoccupation with the 1988 merger may also have kept the group from succumbing to the grandiose expansion plans of competitors now struggling with high debt and gearing. Travis Perkins boasts a nil debt position. Cost-cutting is winning praise, although the bad debt position has edged the group's cost base up by about 4 per cent. Forecasts were pushed up a bit to between £12m and £14m after encouraging noises on the property disposal front. The prospective p/e of 23 to 24 looks high, however, and shares are expensive at the moment.

## BOARD MEETINGS

TODAY

Interims- Aran Energy, Brown & Jackson, Bullers, Burns-Anderson, Central Independent Television, Clayform Properties, Evered Bardon, How, Jacks (William), Jakarta Fund, Microvitec, More O'Ferrall, Wembley.

Finals- Adwest, Armour Tst, Astra Hldgs, Bailey (Ben) Construction, China & Eastern Inv, Dana Exploration, Goodwin, London Secs, Pathfinders, Sinclair Goldsmith, Triton Europe, Wiggins.

FUTURE DATES

| | |
|---|---|
| **Interims-** | |
| Hammerson Property | Oct. 11 |
| Laser Scan | Sep. 30 |
| Lawrence (Walter) | Oct. 8 |
| Stylo | Oct. 1 |
| Tharsis | Oct. 1 |
| **Finals-** | |
| Allied Leisure | Oct. 9 |
| Beckman (A) | Oct. 1 |
| International Resort | Sep. 30 |
| Ossory Estates | Oct. 1 |

# ICL in £200m British Gas deal

British Gas has selected ICL, the UK-based computer company owned by Fujitsu of Japan, as sole supplier of the mainframe computers it uses to service its customers.

The deal is believed to be worth £200m over six years and represents a victory for ICL over International Business Machines of the US.

British Gas has been using mainframe computers supplied by ICL, IBM and Amdahl, the US computer company.

British Gas will begin phasing out IBM and Amdahl mainframes and replacing them with computers supplied by ICL. The computers will control all gas customer services in the UK.

# UPL acquisition and refinancing

UPL Group, the former Third Market-listed importer and distributor of speciality foods, is to acquire the Parrish & Fenn food distribution agency business, known as The Foodfinders, from Booker.

The acquisition is part of a package of proposals involving a £1.75m refinancing for UPL, a change of name to Dumas Group, and a move to the USM.

UPL is paying £5,000 for The Foodfinders equity and has also undertaken to refinance the current liabilities of the operation, amounting to about £1.2m, and to discharge a long-term liability to Booker of up to £250,000.

To finance the deal UPL intends to issue 7m new ordinary 10p shares at 25p, raising about £1.35m after expenses.

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corresponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Antofagasta | int | 6 | Dec 6 | 6 | - | 19 |
| Barratt Devs | fin | nil | - | 5.79 | 3.21 | 9 |
| Bilston & Batt § | int | nil | - | 1.75 | - | 3 |
| Clarkson (H) | int | 2.75† | Nov 25 | 2.75 | - | 8 |
| EFM Dragon Tst | fin | 0.06 | Nov 21 | - | 0.06 | - |
| Eleco | fin | 2.3 | - | 3.9 | 4.6 | 6.2 |
| Frogmore Ests | fin | 10.6 | Nov 15 | 9.4 | 13.8 | 12.3 |
| Hampden H'care § | int | 0.2 | Nov 27 | 0.2 | - | 0.2 |
| Hay (Norman) | int | 0.5 | Nov 14 | 0.5 | - | 1.14 |
| Ibstock Johnsen | int | 2.25†☆ | Dec 2 | 2.25 | - | 8 |
| McLaugh & Harvey | int | nil | - | 3.25 | - | 10 |
| Murray Ventures | fin | 6.9 | Nov 27 | 6.1 | 10.3 | 9.35 |
| Redland | int | 8.25† | Nov 11 | 8.25 | - | 25 |
| Throgmorton Dual | fin | 3.5 | Nov 22 | 6 | 8.75 | 8.75 |
| Trafford Park | fin | 1.725☆ | Nov 28 | 1.725 | 2.575 | 2.575 |
| Travis Perkins | int | 2.5 | Nov 4 | 2.5 | - | 8 |
| TV-am § | int | 4 | Nov 15 | 4 | - | 14 |
| Utd Newspapers | int | 7.5† | Nov 15 | 7.5 | - | 21 |
| Vickers | int | 3.7 | Nov 8 | 3.7 | - | 9.9 |
| Whatman | int | 2.9 | Nov 11 | 2.5 | - | 7.75 |
| Yule Catto | int | 2.3 | Nov 16 | 2 | - | 4.7 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Carries scrip option.

# UK COMPANY NEWS

## Disconnected in his prime

**Tim Coone** on Michael Smurfit's resignation from Telecom Eireann

MR MICHAEL Smurfit, Ireland's leading industrialist, has had little time in recent weeks to attend to Jefferson Smurfit, his international packaging company, *the basis of his fame and fortune.*

On his home turf, he has fought but lost the fight to remain chairman of Telecom Eireann following controversy over a property deal involving the state-owned telephone company.

Meanwhile in the UK he remains a key figure in the survival of Brent Walker, the leisure group. Unless the company's advisers can find a tortuous formula to satisfy Mr Smurfit and other bondholders on the one hand and the banks on the other, Brent Walker will shortly end up in the hands of the receivers.

*Mr Smurfit resigned from* Telecom a bitter man. What is widely regarded as a brilliant business career has now fallen foul of what eventually may prove to have been political skullduggery aimed at Mr Charles Haughey, the prime minister and his government, rather than Mr Smurfit.

Mr Smurfit came into the public sector in 1979, when enlightened government policy began to bring in the best and *brightest* from the private sector to improve civil service efficiency.

Michael Smurfit: concentrating on Jefferson Smurfit

Still keeping a hands-on approach to the running of Jefferson Smurfit, which he chairs, he turned around Ireland's telecommunications company from a sprawling and ponderous concern costing the taxpayer I£100m-a-year to support, to a profitable dynamic company, which last year made a profit of I£94m (£86m) profit. It is now regarded as one of Europe's best-run telecommunications companies.

It was controversy over a property deal to build Telecom's new headquarters though, which ensnarled Mr Smurfit.

He resigned earlier this week after Mr Haughey had publicly suggested that Mr Smurfit should temporarily step aside as chairman until an inquiry into the deal was complete.

Mr Smurfit was born in Lancashire 55 years ago and in 1969 became deputy chairman of the family paper and packaging business, which his father had established in Dublin in the 1940s.

He became the driving force behind the group's international expansion after it went public on the Dublin stock exchange in 1964, and which converted the local box-making company into what is now the fifth largest paper and packaging business in the world.

He became group chairman in 1977 following his father's death. Spotting undervalued paper and packaging firms in the UK and US, he bought them, turned them round and greatly increased their value. His biggest move came in 1986, when with Morgan Stanley, the US merchant bank, he acquired Container Corporation of America (CCA). This led to expansion in Latin America and Europe.

In 1989, Mr Smurfit surprised the financial world, by spearheading a daring restructuring of its US operations, which released almost I£1bn in cash, and thereby creating a war chest for group expansion, focusing on Europe, in the following decade.

One investment fund manager in Dublin said, "In his core business, he has been brilliant, by knowing his market, spotting opportunities, and knowing when to move."

It was those abilities which made Jefferson Smurfit into one of Ireland's most successful companies with an average growth of 30 per cent per year in share value over the past 27 years since the company went public.

It has earned Mr Smurfit an honorary doctorate from the National University of Ireland, a Legion d'Honneur award from the French government, and he has twice been voted "Man of the Year" by Ireland's Business and Finance magazine.

But envy has also accompanied acclaim. Mr. Smurfit has perhaps been a victim of what one Irish friend described as a "perverse desire to knock down the successful and those who make a name for themselves".

It was clear from the acres of innuendo in the press reports during the past week, that this national sport was again being indulged in Mr Smurfit's case.

He admitted in his resignation statement that he should possibly have been aware of an "historical link" between a property company UPH, in which he has a 10 per cent stake, and a chain of transactions which led to Telecom's ownership of a construction site for its new headquarters. However, he added: "The fact is that I was not."

That one slip has cost him his chairmanship of Telecom, although he is emphatic that neither he nor his family made any financial gain, or were in any way involved in the site's subsequent sale to Telecom. A government inquiry has been set up to verify this.

Mr Smurfit has also faced criticism for his decision to get involved in Brent Walker. Several years ago, the Smurfit group began a I£30m diversification into the leisure industry.

When Brent Walker made a £100m issue of convertible bonds in a refinancing package last year Mr Smurfit put up £10m of his own money. Jefferson Smurfit bought another £15m, although he abstained from the board vote on the decision.

Brent Walker was to be involved in a joint venture to develop the group's leisure activities in Ireland. Mr Howard Kilroy, president of Jefferson Smurfit, justified the move saying: "It had a sound, healthy balance sheet and a good earnings stream. That has turned out not to be the case".

He added that legal action may be considered in due course if it proved that false information was given in the bond issue.

Referring to the Telecom affair, Mr Kilroy said: "We all feel sore at the way he (Mr Smurfit) was treated." Questions are being raised as to whether the government will now be able to find people of Mr Smurfit's business calibre to run state-sector companies and whether the government's privatisation programme will now falter.

Mr Smurfit had a word of warning for his public sector colleagues. "Do not lose hope, and continue to give public service." But he added: "Make sure what happened to me does not happen to you."

As Mr Smurfit returns full-time to the boardroom of Jefferson Smurfit, there is a sense that the cloud under which he has left Telecom, might ultimately rain more on Mr Haugheys the opposition calls for more heads to roll in the numerous controversies to have rocked his government in recent weeks.

## Eleco margins suffer as profits drop 45%

By Peggy Hollinger

MARGINS AT Eleco Holdings, the building products and distribution company, took a battering from the recession and pre-tax profits fell 45 per cent from £5.58m to £3.35m over the year to June 30.

Operating profits plunged 81 per cent to £1.05m (£4.75m) on turnover down from £63.4m to £56.8m.

Excluding discontinued operations, which were largely Eleco's property development activities, the decline in trading profits would have been 65 per cent.

Eleco aims to complete its programme of property disposals by the end of the current year. About £12m was raised last year, cutting net debt from £25.4m to £18m.

Gearing was too high at 75.5 per cent, but Mr Michael Webster, chief executive, said that the group planned to be totally ungeared within 18 months.

Interest gains jumped sharply to £1.28m (£9,000), the result of a squeeze on working capital and property disposals.

Eleco had performed well in a difficult environment, Mr Webster said. "In our special areas, I think we have performed better than other companies."

Eleco enjoys leading market positions in several of its niche building product areas, such as nail plates used in timber roofs, and metal casings for power cables.

However, the building products division overall had suffered a 65 per cent decline in profits, due to the sharp squeeze on margins.

The distribution business had performed better than expected, Mr Webster said, with a 17 per cent decline in profits on increased turnover.

*Earnings per share* fell 46 per cent to 7.3p (13.6p) and the final dividend is cut to 2.3p (3.9p), making a reduced total of 4.6p (6.2p).

### NEWS DIGEST

## Fags shows £5m decline to £9.6m

PRE-TAX profits at Antofagasta Holdings, which has a wide range of operations in Chile, fell from £14.8m to £9.6m in the six months to June 30.

That led to earnings per share declining from 38p to 25p, but the interim dividend is again 6p.

Lower copper prices meant profit from mining was reduced to £3.57m (£8.36m), and higher costs were being incurred at Michilla as operations were transferred from the existing deposit to a new area.

Construction of Los Pelambres and Lince mines was on schedule with first production from both expected before the end of the year.

Railway profit rose to £2.56m (£1.62m) reflecting higher tonnages on the Bolivian route, while the manufacturing and banking businesses were affected by reduced economic activity in Chile – manufacturing fell to £1.61m (£2.09m) and banking to £1.53m (£3.2m).

The contribution from telecommunications increased to £464,000 (£308,000).

## BTR gains 76.4% of Rockware

BTR now controls 132.04m ordinary shares in Rockware, or 76.4 per cent of the equity, after receiving acceptances to its offer in respect of 117.24m ordinary shares (67.8 per cent). BTR already owns 8.6 per cent of the shares.

BTR has also received acceptances in respect of 13.57m convertible preference shares (92.5 per cent) and 585,397 preference shares (83.5 per cent).

Rockware shareholders have elected for the share alternative in respect of 22.91m ordinary and 9.41m convertible preference shares.

The offers were declared unconditional in all respects on September 18.

## Net assets slip at Throgmorton Dual

The Throgmorton Dual Trust reported a net asset value of 652.7p per capital share and 30.4p per income share as at July 31.

The figures declined from 705p and 33.4p respectively over the year. Net revenue amounted to £1.94m (£1.96m) for earnings of 8.41p (8.52p). A proposed final dividend of 3.5p leaves the total for the year unchanged at 8.78p.

## Trafford Park Estates improves to £3.3m

Trafford Park Estates, the property developer, increased pre-tax profit from £3.07m to £3.3m in the year to June 30.

All interest charges incurred have been written off except in respect of Cambridge Quayside. No developments were started, although since June 30 two minor construction projects were commenced in Trafford Park.

Rental income came to £8.29m (£6.7m); that from warehousing and trading totalled £3.77m (£3.27m), and property sales were £1.88m (£1.47m).

Earnings per share worked through at 3.6p (2.82p). The final dividend is 1.725p for an unchanged total of 2.575p.

## Norman Hay profits tumble to £85,000

The recession in the UK at a time when its principal subsidiary was being reorganised resulted in Norman Hay showing a steep decline in pre-tax profit, from £413,000 to £85,000, in the first half of 1991.

*Surface Technology*, the principal subsidiary, suffered a sharp reduction in sales and operating losses. Management changes were instigated with a view to cutting the high cost base and introducing new products and services with greater margins.

The group, involved in electroplating, anodising and injection moulding, achieved sales of £5.57m (£6.38m). Earnings per share were 0.4p (1.8p) and the interim dividend is held at 0.5p.

The plant manufacturing and effluent control equipment division maintained a reasonable level of business and inquiries.

## Administrators called in at Fairbriar

Administrators have been appointed at Fairbriar, the Epsom-based housebuilder and developer which reported losses of £3.21m in the half year to September 30 1990.

At that stage Mr Remo Dipre, chairman, warned that the company might have to make provisions against its property assets which could lead to an increase in borrowings.

At the company's request Fairbriar's shares were suspended at 8p on September 19 pending clarification of its financial position.

The *administrators* are Mr Terry Carter and Mr Bill Roberts of Ernst & Young, whose nomination was supported by the group's principal bankers.

The group continues to trade, and talks on restructuring its finances are being pursued.

## Pay-out at EFM Dragon Trust

EFM Dragon Trust yesterday proposed a dividend of 0.08p for the 12 months to August 31, its first distribution for three years.

The trust, which invests in Far East markets, mainly Hong Kong and Malaysia, concentrates on capital appreciation but achieved net profits of £329,000 (£61,000) over the year.

Earnings worked through at 0.105p (0.022p) per share.

Directors said: "Income generation is not the objective of the trust and such income may not be repeated in future years."

Net asset value rose to 11.75p (10.83p) over the year.

## 14% improvement at Hampden Homecare

Hampden Homecare, the Northern Ireland-based DIY store operator, lifted pre-tax profits 14 per cent from £154,000 to £175,000 in the 24 weeks to June 15.

Mr John Goldstone, chairman of this USM-quoted company, said that the Texas Homecare stores had performed above expectations and had shown satisfactory growth. He regretted that several Belfast retailers had been damaged by fire last week – this included the Texas store in Galwally. The Dublin stores achieved "encouraging" sales.

Group turnover rose to £11.8m (£9.98m) and earnings were up at 0.77p (0.67p) per share. The interim dividend is held at 0.2p – last year's final was passed.



Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

| 1/2 hour period ending | Provisional Prices for Trading on 27.9.91: Pool purchase price | Pool selling price | Final Prices for Trading on 26.9.91: Pool selling price |
|---|---|---|---|
| 0030 | [illegible] | [illegible] | [illegible] |
| 0100 | [illegible] | [illegible] | [illegible] |
| 0130 | [illegible] | [illegible] | [illegible] |
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| 1800 | [illegible] | [illegible] | [illegible] |
| 1830 | [illegible] | [illegible] | [illegible] |
| 1900 | [illegible] | [illegible] | [illegible] |
| 1930 | [illegible] | [illegible] | [illegible] |
| 2000 | [illegible] | [illegible] | [illegible] |
| 2030 | [illegible] | [illegible] | [illegible] |
| 2100 | [illegible] | [illegible] | [illegible] |
| 2130 | [illegible] | [illegible] | [illegible] |
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| 2300 | [illegible] | [illegible] | [illegible] |
| 2330 | [illegible] | [illegible] | [illegible] |
| 2400 | [illegible] | [illegible] | [illegible] |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

## UK COMPANY NEWS

# Changes on way as Laura Ashley rises to £528,000

By Jane Fuller

MR JIM Maxmin has promised to make some sweeping changes at Laura Ashley, the fashion and furnishings group which he has just joined as chief executive.

"More professional management techniques will generate a ton more cash," said the American-born Mr Maxmin, who was presenting a set of figures that applied to the half-year before he arrived.

Pre-tax profit improved to £528,000 (£317,000) in the six months to July 27. The full 1990-91 results had shown a £6.7m loss.

Before Mr Maxmin arrived, Laura Ashley's prospects were revived by painful rationalisation, involving 1,500 jobs losses and seven factory closures, the sale of non-core businesses and a £30m cash injection from the Aeon Group of Japan, which has a 15 per cent stake.

The new chief executive said he had set up a task force to review overheads, particularly at head offices in the UK, on the continent and in North America. "The main way to reduce cost will be to eliminate activity." He had found the group to be far too complex.

He also envisaged £3m of capital spending on upgrading systems, including the tills, bar coding and stock location. "At the moment there are three or four different systems and no world-wide view."

The group, which is controlled by Sir Bernard Ashley, chairman, has just over 500 outlets of which 197 are in the US, 174 in the UK and 60 on the Continent.

It has switched away from making most of its goods in-house. Only 22 per cent are now made in Laura Ashley plants, with a further 25-30 per cent coming from other UK suppliers.

First-half turnover fell to £132.2m (£173.9m), although disposals accounted for nearly £25m of the decline. Operating profit slid to £383,000 from £7.1m, or £5.8m on a comparable basis.

Profits were hit by reduced volumes and low gross margins during the July sales. The performance would have been worse without £5m of operational savings arising from last year's rationalisation.

Interest costs were greatly reduced at £1.4m (£7m). Net debt, which was £89m before the Aeon deal, had come down to £13.4m by July.

Earnings per share were 0.12p (0.02p), after a 48 per cent tax charge. The interim dividend is again passed.

Trevor Humphries

Jim Maxmin: promised some sweeping changes

● **COMMENT**

Most of Mr Maxmin's message was music to the ears. For instance: "We have to get margin out of the sales we have" – is the right thing to say about a company that was partly spoilt by a cost-unconscious drive for sales. The wonderful word "prudence" was also used about future prospects, with Mr Maxmin budgeting for flat sales over the next 18 months. However, that would already be an improvement after a worrying 12 per cent sales fall in the UK stores, which lost money, and an 11 per cent decline in the US. The question is that after the marketing message – and some of the jargon, such as "over-facilitised", was over the top – will the company really be fixed? At a share price of 87p, the company would have to make £20m pre-tax profit *next* year to be on the average stores rating of 15 times earnings. As £1m seems all that can be expected this year, there is such a long way to go that prudence suggests it is worth waiting until at least some of the figures speak louder than the words.

# Recession blamed for 43% fall at Frogmore

By Roland Rudd

FROGMORE ESTATES, which recently defeated a hostile bid from Southend Property, yesterday announced a 43 per cent fall in taxable profits for the year to end-June 1991.

The decline, from £7.1m to £4m, was blamed on the property recession.

There was an extraordinary charge of £1.8m incurred in the defence against the bid. Mr David Wilmot, finance director, said: "We feel very aggrieved at having to spend that sort of money defending ourselves against a bid which stood little chance of success."

Profits were struck after providing £2.26m (£3.52m) to reduce the cost of trading properties to their estimated net realisable value.

Below the line there was a £2.56m (£14.1m) net surplus on sale of investment properties.

Last year's £41m borrowings were eliminated through a series of property disposals. Mr Wilmot said the company was well positioned to make some "opportunistic acquisitions" over the next year.

Some £20m had been invested in low cost housing though a series of joint ventures, taking advantage of reduced land prices.

The final dividend is 10.6p making a total of 13.8p (12.3p). Earnings came to 7.2p (14.8p).

Net assets per share fell from 523p to 449p.

# Advertising recession hits TV-am as profits decline to £6.7m

By Raymond Snoddy

THE ADVERTISING recession cut pre-tax profits at TV-am to £6.7m in the six months to July 31, compared with £11.6m last time.

Mr Bruce Gyngell, chairman of the commercial breakfast television company, said it had continued to outperform the rest of ITV in spite of the most difficult trading conditions for many years.

Its share of ITV advertising revenue rose from 4.84 per cent to 5.01 per cent, although actual revenues fell by 3.3 per cent compared with a drop of 6.8 per cent for ITV as a whole.

Turnover totalled £39.6m (£41.45m). Earnings per share fell to 6.5p (11.1p) but the interim dividend is unchanged at 4p.

Mr Gyngell said that coverage of the Gulf war, which produced TV-am's highest ever audiences, had increased costs by £1.2m. There also had been a rise in marketing costs and a 21 per cent lift in its subscription to the funding of Channel 4.

"We submitted our application for the new breakfast television licence on May 15, and we remain confident of success," Mr Gyngell said.

There is, however, a growing expectation in the television industry that TV-am will be one of the losers when the Independent Television Commission announces new broadcasting licences next month.

TV-am had been outbid by two strong consortia - Sunrise, which included London Weekend Television, The Guardian and Disney; and Daybreak which groups Independent Television News, NBC of the US, Conrad Black and Carlton Communications.

Mr Gyngell had been looking for alternative outlets if he should lose. There was an approach to offer the TV-am service to Channel 4 but that was declined.

# Murray Ventures bucks trend

By Philip Coggan, Personal Finance Editor

MURRAY VENTURES has bucked the bad news trend from investment trusts which specialise in unquoted stocks by announcing a 13 per cent rise in the final dividend and a 12 per cent increase in net assets over the six months to July 31.

The trust has 40 per cent of its portfolio in the quoted sector which helped its recovery, but it also upgraded its unquoted investments by 4 per cent in the second half.

Over the year as a whole, however, net asset value fell 9.2 per cent to 306p per share.

A number of trusts which invest in unquoted stocks have recently announced asset write-downs as a result of the recession's effect on the small company sector. Investors have become suspicious that unquoted stocks are valued on investment trusts' balance sheets at over-optimistic levels. As a result, trusts in this field stand at substantial discounts to their asset values.

Murray Ventures said, however, that its valuation methods were very conservative and almost match the recent guidelines published by the British Venture Capital Association.

Substantial provisions were made in both July 1990 and January this year.

Revenue before tax for 1990-91 was £3.98m (£3.8m) and earnings per share were 12.04p (11.99p). The final dividend of 6.9p makes a total of 10.3p (9.35p).

Looking ahead, the company said that "whilst the unlisted companies are benefiting from the reductions in interest rates, as yet there is little sign of improved trading conditions. However, the worst is over and as the economy continues to pick up so should our unlisted companies."

# Interest charges hit Whatman

A turnround to interest charges resulted in a 13 per cent contraction in interim profits at Whatman, the specialist paper and filtration equipment group.

The Kent-based group incurred net interest charges of £366,000 in the six months to June 30, reflecting capital expenditure last year, against income last time of £354,000, leaving taxable profits at £4.37m (£5.02m).

Sales rose 10 per cent to £25.8m (£23.4m). Earnings per share were 12.83p (15p) but the interim dividend is 2.9p (2.5p).

# Australian regulations waived for BTR

By Kevin Brown in Sydney

THE AUSTRALIAN Securities Commission has given BTR an exemption from federal corporations law to avoid complicating the group's £1.5bn hostile bid for Hawker Siddeley.

The ASC announced the exemption after BTR agreed to buy out minority shareholders of two Australian subsidiaries of Hawker Siddeley if it secures 20 per cent or more of the group's shares.

Without the exemption, BTR would have risked breaching section 615 of the corporations law, which prevents the indirect acquisition of Australian companies through the purchase of an overseas parent.

Hawker Siddeley owns 70 per cent of Hawker de Havilland, a listed Australian aircraft maker, and 85 per cent of Westinghouse Brake & Signal (Australia), a railway equipment company.

The ASC said BTR or BTR Nylex, the group's Australian subsidiary, would make an offer for all the outstanding shares in both companies within a month of becoming entitled to 20 per cent of Hawker Siddeley stock.

The offer would have to be in cash or cash and shares, based on valuations by two independent experts acceptable to the ASC, and would have to remain open for three months.

The potential cost of the agreement to BTR or BTR Nylex is unclear, but would probably be less than A$50m (£23m), based on the companies market capitalisation.

The agreement would lapse if the BTR bid fails to be declared unconditional within three months, or if the federal Treasurer uses his powers to prohibit the acquisition of shares. It could also lapse if the Trades Practices Commission or Foreign Investment Review Board intervene under legislation governing competition and foreign investments.

The agreement also covers Hawker Siddeley's 24 per cent holding in Bunnings, a timber and hardware group.

BTR has given an undertaking to vote only 19.9 per cent of the stock, and to acquire no further shares for two years should it succeed in its bid.

# Horace Clarkson static at £6m for first half

By Nigel Clark

HORACE CLARKSON, a shipping and insurance broker, reported taxable profits for the first half of 1991 slightly lower at £6.14m, against £6.37m.

The comparative figure included a £620,000 profit on shipowning sales and was restated to take account of the purchase of ABCC Holdings.

Tanker and dry cargo shipping rates had been firm during the period and the shipbroking's sale and purchase division had benefited from the recovery in activity after the settlement of the Gulf conflict.

Demand for Lloyd's names insurance had remained steady.

Mr Carron Greig, chairman, said that profits were heavily biased towards the first half and although it was too early to determine activity for the second half, full year profits were not expected to be higher than the £7.44m for 1990.

Turnover was £23.9m (£25.1m). Earnings per share came out at 15.7p (18.7p). The interim dividend is unchanged at 2.75p.

# World of Leather back in black

World of Leather, the furniture manufacturer, has arrested the losses of the last two years and returned to the black with a pre-tax profit of £41,000 for the first half of 1991.

That stemmed from an improvement in turnover to £13.05m (£12.59m) combined with higher gross margins and tight control of costs. Earnings per share were 0.5p (losses 3.3p).

In the comparative half year the loss was £408,000, rising to £823,000 by the year-end.

Sales in the current term were still ahead and margins remained higher. A store in Leicester had been sold for a "significant" premium.

## COMMODITIES AND AGRICULTURE

# Alcoa 'will not cut aluminium output'

**By Kenneth Gooding,** *Mining Correspondent, in Davenport, Iowa*

THE ALUMINIUM Company of America (Alcoa), the biggest aluminium producer outside the former Soviet Union, had no plans to shut down any of its North American production capacity despite prices having been down to their lowest ever levels in real terms, said Mr Paul O'Neill, chairman, yesterday.

However, he suggested that the aluminium industry would do well to take a "holiday" from introducing new primary aluminium capacity after the next round of smelter openings over the next year or so.

This would enable demand and supply to become better balanced.

On the question of immediate cuts, Mr O'Neill said of Alcoa: "We're doing OK. We're not doing nearly as well as I would like but when I look at what other people are doing I'm influenced by the fact that we're still making some money while some other people are not. It seems to me that the burden of taking some downtime ought to fall on those who are not making any money, not those who are".

His comments echo those of Mr David Morton, chairman of Alcan Aluminium of Canada, second largest of the non-Soviet producers, who said recently that as his company was one of the world's lowest cost producers it would be illogical for it to shut down capacity when high cost capacity elsewhere continued to operate. Even in the present extremely depressed market conditions Alcan was better off continuing to produce at close to capacity than having some shut down.

Producers resist pressure to cut output because it is not economically viable to make only slight adjustments to aluminium production in view of the technical problems this causes. Also, restarting aluminium pot lines is very expensive and takes relatively a long time.

The industry faces a big step up in capacity next year when two new smelters in Quebec, Canada, and Pechiney's new smelter in Dunkirk, France, come into operation. Analysts calculate that by 1993 another 1m tonnes of capacity will be operating compared with today's estimated 14.5m tonnes outside the former eastern bloc.

Mr O'Neill said the industry, like many others, had not been very good at getting a fundamental balance between supply and demand. He was not worried about the amount of new capacity coming into the market next year even though it might not be fully absorbed.

"But it would be okay with me if new capacity was not started in any significant amount for the next couple of years (after 1992) because I think that would get us into that rough balance that's desirable."

Mr O'Neill, who was speaking during presentations at Alcoa's Davenport aluminium mill, where US$250m modernisation programme has just been completed, said Alcoa had no plans to add capacity at existing plants for the time being. The group recently won from the Venezuelan government the right to be the predominant partner in a new US$1.2bn smelter to be built in that country, which produces the lowest cost aluminium in the world because of its abundance of hydro-electric power. But he insisted that this scheme would not proceed very quickly. Alcoa would go ahead "when it is clear that the world is going to be in rough balance and one can anticipate metal prices better than 80 cents or 85 cents a lb for a period of 3 or 4 years after the completion of the smelter." Otherwise it would not be a profitable investment.

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**Mr William O. Bourke, chairman of Reynolds Metals Company expects declining aluminium prices to cause other aluminium producers to follow his lead in curtailing output, reports Reuters from New York.**

**After Reynolds announced plans to close the rest of its Troutdale, Oregon, production, Mr Bourke said he thought the price of aluminium "will go down till we see more curtailments".**

**There would not necessarily be any big cuts, Mr Bourke said, just "a little here, a little there".**

**He said there were a "whole series of subtle things that can be done that would have no effect on the market but quite a cumulative effect (on production)."**

**The present London Metal Exchange aluminium price of about 55 cents a lb is still above what Mr Bourke called the average "cash", or out of pocket, cost of producing aluminium, which he estimated in the mid-40 cents a lb range. But he put "fully accounted cost of production worldwide" in the mid-60 cents a lb range, so most producers were operating unprofitably.**

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# Opec ministers put off the difficult decisions

## Deborah Hargreaves assesses this week's agreement

THIS WEEK'S agreement among ministers from the Organisation of Petroleum Exporting Countries to produce 23.65m barrels of oil a day for the next three months is a paper compromise allowing most countries to produce oil flat-out.

The agreement was reached after many hours of heated debate about individual ministers' price aspirations and, true to form, the organisation ducked the main issue of assigning specific production quotas to each country. "I'm afraid we didn't divide the figure between the 13 countries so it probably means everyone could produce what they want," said Mr Gholamreza Aqazadeh, Iran's oil minister.

But Mr Aqazadeh said he is still satisfied with the ceiling because it should prove lower than predicted demand in the fourth quarter – meaning prices will be firmer.

The 23.65m b/d ceiling is, in any case, close to full capacity of the 11 countries that are in full production. Additional output from Iraq and Kuwait could be absorbed by the extra demand ministers expect to see. But by reaching a compromise that takes no view of historical production quotas, Opec is putting off arguments about sharing out the cake until later this year or early next. The crunch will come next spring when demand will take a seasonal dive and Iraq and Kuwait should be closer to full production.

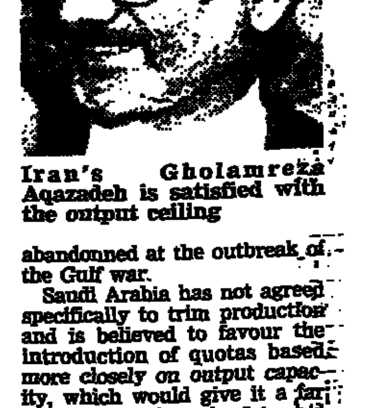
Evidence of cracks in the fragile alliance between Iran and Saudi Arabia that has effectively steered Opec policy for the last nine months, will lead to tough negotiations over production quotas.

Iran has openly criticised Saudi Arabia's emphatic statement to reporters that it wants to keep output at 8.5m b/d, 3m b/d above the kingdom's old production quota. Most ministers at the meeting agreed that demand in the final quarter of the year would approach 24m b/d because of a seasonal pick-up in usage as well as the expected world economic recovery. But some pushed for lower output levels in order to give prices a boost – these ministers from smaller producing countries such as Libya and Algeria wanted a simple roll-over of the existing 22.3m b/d production ceiling. This faction within the fragile coalition came into conflict with Saudi Arabia, which aims to keep prices stable and expects demand for Opec oil to touch 24.5m b/d in the fourth quarter. For this reason, it was pushing for a rise in the ceiling to 24m b/d.

The 23.65m b/d ceiling was arrived at by a complicated calculation and just happens to be the same as the organisation's current output.

Most countries have ignored the 22.3m b/d ceiling which was set in March and reaffirmed at June's meeting, and are currently producing at capacity with total output for September about 23.6m b/d. Added to this output rate, are the expected exports from Iraq and Kuwait by the end of the year. Kuwait is at present producing some 230,000 b/d and expects to add at least another 200,000 b/d by December. At the same time, Iraq says it is now producing 460,000 b/d, the bulk of which is for internal consumption and 60,000 for export to Jordan as part of a non-commercial arrangement.

Iraq looks set to agree to the terms of the United Nations' resolution that would enable it to export $1.6bn-worth of oil over the next six months. The Iraqi minister told the meeting that, rather than send this oil at a rate of 500,000 b/d for the six-month period, he would prefer to export as much as possible – up to 1m b/d – and sell the oil within three months.



Iran's Gholamreza Aqazadeh is satisfied with the output ceiling

While ministers remain sceptical of Iraq's export capability, they have built their calculations around these figures. "Depending on how optimistic or pessimistic you are about Iraq's production, this will translate into a production level of 24.2m to 25m b/d in the fourth quarter," said Mr Nordine Ait Laoussine, Algeria's energy minister. He added that, given the uncertainties in the market for the final quarter, production at that level was unlikely to have a major effect on prices.

Opec cited market uncertainties such as the decline in output from the former Soviet Union and a small drop in non-Opec production as well as rising demand which leaves a fragile supply balance.

The organisation reiterated its commitment to reaching the $21-a-barrel reference price by the end of the year. But it called on the Opec secretariat to monitor prices closely and call another meeting if the price goes out of line. This means that if prices are more than $1 a barrel lower or several dollars higher than the reference price over a month, another meeting could be called to discuss the situation.

The main point of contention at the meeting, however, emerged in the debate over next year's production – particularly in the second and third quarters. Most ministers are pushing for an agreement to return to a deal put in place in July 1990 that set out firm production quotas, but was abandoned at the outbreak of the Gulf war.

Saudi Arabia has not agreed specifically to trim production and is believed to favour the introduction of quotas based more closely on output capacity, which would give it a far larger share than the 5.4m b/d quota included in the July deal.

In anticipation of a possible shift, others are manoeuvring to raise their production numbers. Iran, for example, says it is currently producing 3.55m b/d, which is higher than independent estimates. Mr Aqazadeh said Iran should be producing 3.7m b/d by November and 4m by next year. Even Nigeria says it will increase output from 1.85m b/d to 1.95m b/d. At the same time, Kuwait will ask the organisation for a higher production quota once its oil industry is up and running again. Mr Homoud al-Raqbah, the emirate's oil minister said: "In fairness we should be allowed to produce more, at least for a period, because we've gone from producing nothing. . . those that have increased will have to cut back."

Without any agreement on quotas, prices could slide next year when demand turns down. "We're really looking at a serious situation next spring. If we don't resolve the problem soon enough and soon enough doesn't mean when prices start crashing," said Mr Ait Laoussine.

# Australian farm crisis 'worst for a century'

**By Kevin Brown** in Sydney

AUSTRALIA'S RURAL sector is facing its worst financial crisis for a century, Mr Graham Blight, president of the National Farmers Federation, said yesterday.

Mr Blight's warning follows increasing rural anger about the impact of competition from subsidised US and European agricultural exports on farmers hit by falling prices and collapsing markets. He said the farm sector had fallen from recession into the grip of a major depression since the end of the last financial year in June.

"I suspect this year will be the worst year in agriculture possibly for a hundred years," Mr Blight said. The industry would probably recover next year, but "the good times" would not return until the middle of the decade, he said.

Mr Blight called for talks with the federal government over the Rural Adjustment Scheme, under which farmers receive grants to help cover the cost of ending unprofitable production.

However, he said some farmers were so hopelessly in debt that their businesses would be unable to recover even if there was a rapid turnround in the prospects for the industry.

"We have got a certain percentage at the bottom – it could be between 7 and 15 per cent in some areas – where they simply have to go [off the land]," he said.

Mr Blight's comments follow forecasts by the Australian Bureau of Agricultural and Resource Economics that average prices received by farmers would fall by five per cent this year, following a decline of 13 per cent last year.

Abare said net farm cash incomes would fall by 24 per cent, following a 35 per cent fall in the last financial year. The net value of farm production, after depreciation costs, is forecast to fall by 74 per cent, following a drop of similar magnitude last year.

The rural sector has been hit by weak prices for a range of commodities including sugar, dairy products and beef. However, the biggest problems have been caused by competition from subsidised wheat exports and the collapse of the wool market because of overproduction and falling demand.

# Coffee close to 1991 low

**By David Blackwell**

WORLD COFFEE prices fell yesterday as the International Coffee Organisation talks appeared to be heading to an inconclusive close and rain was forecast for Brazil's coffee growing areas.

London's November robusta contract closed down £12 at £522 a tonne, only £2 above the year's low. New York's December arabica contract fell 3.80 cents a lb at the opening, but in late trading had recovered to trade at 89.10 cents a lb, down 2.20 cents.

At the beginning of this week's talks the markets felt that a proposal from Brazil and Colombia for a scheme to retain 10 per cent of their exports might have gained further momentum. Between them, Brazil and Colombia have 40 per cent of the market.

However, it does not appear that the retention proposal has made any progress.

When the talks end today, delegates believe there could be a recommendation for a one-year extension of the current agreement, which ends in September next year, and the establishment of a working party to look at the prospects of a further agreement.

Reports that some showers had fallen in the coffee growing areas of Brazil after some weeks of drought were seen by traders yesterday as more important than the ICO's lack of progress.

# Corn gluten row settled

**By David Gardner** in Brussels

THE EC/US farm trade row over American corn gluten, the animal feed substitute, was finally settled yesterday.

US imports of corn gluten, which under a 1962 agreement within the General Agreement on Tariffs and Trade enter the EC tariff-free, had been piling up in Rotterdam, after objections that they contained more corn-meal than allowed under the accord. The two sides have now agreed that shipments will be limited to 4.5 per cent fat and 28 per cent starch.

Brussels officials say these arcane measurements make it harder for the US to bring in the protein-rich corn gluten that most undercuts EC cereals in the livestock feed market, where European cereals producers are losing about 2m tonnes a year to cheaper substitute feeds.

The US had threatened action both within Gatt and under the 301 provisions of its Trade Act, to protect its $600m market for the feed in the EC.

By the end of next month, the EC has to comply with a Gatt ruling requiring it to recast the subsidies it pays for oilseeds, a far more important European market for the US. However, most member states are unhappy with the commission's compliance proposals, which are a barely disguised slice of the wider reform of the EC farm regime, which they have yet to accept.

# India bans export of cotton

**By Kunal Bose** *in Calcutta*

THE INDIAN government has banned the export of cotton yarn until December in an attempt to reduce yarn prices in the domestic market.

The decision was triggered by the sharp increase in cotton yarn prices since July, which has made the working of handloom and powerloom units uneconomic.

For a government struggling with the country's worst ever balance of payments crisis it was a very difficult decision. But the reports of starvation deaths among handloom weavers in Andhra Pradesh, from where Mr Narasimha Rao, the Indian prime minister hails, are unnerving for the minority government in New Delhi. That explains why domestic supplies were given precedence over exports.

According to industry officials, the rise in yarn prices has to be seen in the context of the runaway inflation in raw cotton prices. Prices of various grades of cotton have increased by 75 to 110 per cent since October 1990. However, it was only in July, when the spinning units were running short of cotton, that the yarn prices started edging upward.

In the past three months, yarn prices have increased by nearly 40 per cent. As they did earlier with raw cotton, traders have mopped up large quantities of yarn, there is no shortage of yarn as such, but the weavers are required to pay a high premium.

Against the export quota of 100m kg of yarn for 1991, the country in the first eight months (January-August) had shipped 79.60m kg worth Rs5.24bn (£120m). Yarn constitutes about 25 per cent of India's total textile exports.

# London raw sugar to return to floor trading

THE BOARD of the London Futures and Options Exchange has approved a proposal to move raw sugar market trading back to the floor after its period of screen trading, reports Reuters.

Earlier this month the London raw sugar futures market decided to support a return to open-outcry trading, just eight months after screen trading had started. Falling volumes had led to a questionnaire being sent to sugar traders in July and a majority backed a return to floor trading.

## WORLD COMMODITIES PRICES

### MARKET REPORT

Copper prices moved ahead again on the LME yesterday on continued concern over the unrest in Zaire. Dealers said this week's violence in major copper exporter Zaire has stiffened sentiment, although shipments to the physical market do not appear to have been hit yet. News that state-owned Gecamines said production was normal had little impact, as prices were moving up on nearby technical tightness, they said. Cash metal closed at a £6.50-a-tonne premium to three-month. In contrast aluminium prices closed down after an early rally. Traders said the Reynolds Metals shut-down of the last two potlines at its Troutdale, Oregon, smelter from December needed to be quickly followed by similar announcements from other major producers if there were to be any impact of the world's current chronic oversupply of aluminium. Stocks are forecast to rise by between 10,000 and 20,000 tonnes today, although one influential trader warned of an even greater increase. Nickel prices went into reverse again. Dealers said the market's recent technical bounce was unable to hold three-month metal above the key $7,600-a-tonne level. Prices are likely to continue lower now, with falls below $7,470, the recent 18-month low, a real possibility.

**Compiled from Reuters**

### London Markets

| SPOT MARKETS | | |
|---|---|---|
| Crude oil (per barrel FOB) | | + or - |
| Dubai | $17.80-7.95x | +.15 |
| Brent Blend (dated) | $20.90-1.05 | +.275 |
| Brent Blend (Nov) | $20.70-0.75 | +.20 |
| W.T.I. (1 pm est) | $22.05-2.15z | +.125 |
| Oil products (NWE prompt delivery per tonne CIF) | | + or - |
| Premium Gasoline | $239-241 | -2 |
| Gas Oil | $196-199 | -5 |
| Heavy Fuel Oil | $73-74 | +.5 |
| Naphtha | $203-205 | -4.5 |
| Petroleum Argus Estimates | | |
| Other | | + or - |
| Gold (per troy oz)♣ | $351.95 | -0.80 |
| Silver (per troy oz)♣ | 433.0c | -1.0 |
| Platinum (per troy oz) | $355.15 | +0.40 |
| Palladium (per troy oz) | $83.50 | +0.10 |
| Copper (US Producer) | 114.0c | +2.0 |
| Lead (US Producer) | 38.0c | |
| Tin (Kuala Lumpur market) | 14.86r | +0.01 |
| Tin (New York) | 256.5c | |
| Zinc (US Prime Western) | 62.0c | |
| Cattle (live weight)† | 103.89p | +1.23* |
| Sheep (dead weight)† | 107.70p | +5.35* |
| Pigs (live weight)† | 78.99p | -3.36* |
| London daily sugar (raw) | $248.0 | |
| London daily sugar (white) | $288.0 | -3.5 |
| Tate and Lyle export price | £280.0 | |
| Barley (English feed) | £117.0u | -3.5 |
| Maize (US No. 3 yellow) | £141.0u | |
| Wheat (US Dark Northern) | £97.0 | |
| Rubber (Nov)♥ | 52.00p | -0.50 |
| Rubber (Dec)♥ | 52.50p | -0.50 |
| Rubber (KL RSS No 1 Oct) | 221.5m | |
| Coconut oil (Philippines)§ | $470.0x | +10.0 |
| Palm Oil (Malaysian)§ | $330.0q | +2.5 |
| Copra (Philippines)§ | $302.5 | +2.5 |
| Soyabeans (US) | £158.5 | |
| Cotton "A" index | 69.10c | -0.35 |
| Wooltops (64s Super) | 353p | -4 |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Oct/Dec t-Sep/Dec u-Oct x-Sep/Oct y-Aug/Sep z-Nov †-Oct/Nov. †Meat Commission average fatstock prices. *change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

**SUGAR – London FOX ($ per tonne)**

| Raw | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 217.00 | 214.80 | 218.40 | 212.00 |
| Dec | 195.00 | 194.00 | 195.00 | 193.60 |
| Mar | 197.00 | 196.00 | 197.00 | 194.00 |
| May | 195.00 | 194.40 | 194.80 | 193.20 |
| Aug | 200.00 | 200.00 | 197.60 | 197.40 |
| **White** | | | | |
| Dec | 257.0 | 254.5 | 257.0 | 254.0 |
| Mar | 260.0 | 257.0 | 260.0 | 258.0 |
| May | 263.5 | 260.0 | 264.0 | [illegible] |
| Aug | 266.0 | 263.0 | 266.0 | [illegible] |
| Oct | 268.5 | 267.0 | 268.0 | 267.0 |
| Dec | 268.5 | | | |

Turnover: Raw 1312 (980) lots of 50 tonnes. White 1195 (1547). Paris- White (FFr per tonne): Dec 1651.10, Mar 1678.50.

**CRUDE OIL – IPE $/barrel**

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Nov | 20.77 | 20.73 | 20.80 | 20.60 |
| Dec | 20.62 | 20.62 | 20.62 | 20.40 |
| Jan | 20.46 | 20.45 | 20.47 | 20.25 |
| Feb | 20.30 | 20.29 | 20.32 | 20.20 |
| IPE Index | 20.57 | 20.52 | | |

Turnover 19274 (28648)

**GAS OIL – IPE $/tonne**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 198.25 | 198.50 | 200.00 | 198.50 |
| Nov | 202.00 | 201.75 | 203.75 | 201.50 |
| Dec | 203.00 | 203.00 | 203.50 | 201.50 |
| Jan | 202.75 | 200.50 | 201.25 | 200.00 |
| Feb | 199.00 | 199.00 | 199.00 | 196.00 |
| Mar | 189.50 | 189.50 | 189.50 | 188.00 |
| Apr | 181.75 | 181.50 | 181.75 | |
| May | 179.25 | 178.50 | 179.00 | 178.25 |

Turnover 9500 (9676) lots of 100 tonnes

**COCOA – London FOX £/tonne**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 728 | 720 | 730 | 726 |
| Dec | 750 | 754 | 759 | 739 |
| Mar | 787 | 791 | 795 | 776 |
| May | 809 | 810 | 813 | 799 |
| Jul | 826 | 826 | 830 | 821 |
| Sep | 846 | 846 | 854 | 842 |
| Dec | 870 | 873 | 876 | 866 |
| Mar | 894 | | 896 | 885 |
| May | 910 | 911 | | |

Turnover: 5049 (6281) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Sep 26 865.29 (837.52) 10 day average for Sep 26 860.28 (848.57)

**COFFEE – London FOX $/tonne**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 500 | 512 | 500 | 496 |
| Nov | 522 | 534 | 529 | 516 |
| Jan | 544 | 556 | 552 | 541 |
| Mar | 564 | 577 | 567 | 561 |

Turnover: 2880 (5037) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Sep 25: Comp. daily 67.22 (67.28) 15 day average 67.51 (67.62)

**POTATOES – London FOX £/tonne**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Apr | 125.0 | 122.0 | 125.1 | 123.0 |

Turnover 93 (140) lots of 20 tonnes.

**SOYAMEAL – London FOX £/tonne**

| | Close | Previous | High/Low |
|---|---|---|---|
| Dec | 137.00 | 137.00 | 137.00 |

Turnover 25 (0) lots of 20 tonnes.

**FREIGHT – London FOX $10/index point**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 1655 | 1667 | 1671 | 1650 |
| Jan | 1713 | 1717 | 1721 | 1705 |
| Apr | 1722 | 1720 | 1725 | 1715 |
| Jul | 1480 | 1485 | 1486 | |
| BFI | 1604 | 1622 | | |

Turnover 137 (342)

**GRAINS – London FOX £/tonne**

| Wheat | Close | Previous | High/Low | |
|---|---|---|---|---|
| Nov | 117.70 | 118.20 | 118.10 | 117.60 |
| Jan | 121.00 | 121.60 | 121.50 | 121.00 |
| Mar | 124.00 | 124.50 | 124.25 | 124.00 |
| May | 126.80 | | 127.30 | 126.80 |
| Jul | 128.40 | | | |
| **Barley** | | | | |
| Nov | 113.90 | 113.60 | 113.90 | |
| Jan | 117.50 | 117.50 | 117.25 | |
| Mar | | | 119.90 | |
| May | 121.60 | | 121.60 | 121.50 |

Turnover: Wheat 478 (343), Barley 40 (87). Turnover lots of 100 tonnes.

**PIGS – London FOX (Cash Settlement) p/kg**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 105.0 | 105.0 | 105.0 | 104.0 |
| Nov | 105.5 | 107.3 | 105.5 | |
| Feb | 103.0 | | 104.0 | |
| Apr | 102.0 | | 102.0 | |
| Jun | 107.5 | | 107.5 | |

Turnover 22 (69) lots of 3,250 kg

**MGMI – London FOX**

| | Close | Prev. | High | Low | Vol |
|---|---|---|---|---|---|
| Index | 135.29 | 133.20 | 135.29 | | |
| Oct | 136.20 | 136.00 | 136.20 | [illegible] | [illegible] |
| Nov | 136.80 | 136.40 | 136.90 | 136.70 | 95 |
| Dec | 137.50 | 136.60 | 137.10 | 136.70 | 111 |
| Mar | 137.90 | | 137.90 | 137.50 | 45 |

**FRUIT & VEGETABLES**

French Golden Delicious apples are this week's best fruit buy at 45-55p a lb (55-60p), reports the FFVIB. Bananas remain a good buy at 42-50p a lb (42-50p), along with pineapple at 85p-£2.00 each (85p-£2.00). [illegible] is 15-25p each (15-25p) and Thompson white seedless grapes at 90p-£1.20 a lb (75-85p). Broccoli is abundant at 50-70p a lb (50-90p), sweetcorn at 25-40p per cob (30-45p), and potatoes at 12-14p a lb (12-14p). Large white celery is plentiful this week at 30-50p a head (35-50p). Other good salad buys include tomatoes at 40-60p a lb (30-45p) and iceberg lettuce at 45-55p each (45-55p).

**LONDON METAL EXCHANGE** (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open Interest |
|---|---|---|---|---|---|---|
| Aluminium, 99.7% purity ($ per tonne) | | | | | | Total daily turnover 23,880 lots |
| Cash | 1185-6 | 1183-4 | 1185 | 1173-4 | | |
| 3 months | 1194-5 | 1212-3 | 1217/1194 | 1202-3 | 1197-8 | 110,017 lots |
| Copper, Grade A (£ per tonne) | | | | | | Total daily turnover 28,460 lots |
| Cash | 1365-6 | 1347-50 | 1365 | 1365-6 | | |
| 3 months | 1358-9 | 1348.5-9 | 1357/1352 | 1353.5-4 | 1358-7 | 114,677 lots |
| Lead (£ per tonne) | | | | | | Total daily turnover 1,754 lots |
| Cash | 309.5-10.5 | 306.5-7 | 310/309.5 | 309.5-10 | | |
| 3 months | 316.5-20 | 317-7.25 | 320.5/319 | 318.5-20 | 318.5-20 | 13,483 lots |
| Nickel ($ per tonne) | | | | | | Total daily turnover 3,251 lots |
| Cash | 7440-60 | 7560-80 | 7500 | 7460-5 | | |
| 3 months | 7490-500 | 7610-20 | 7575/7500 | 7530-5 | 7510-20 | 17,142 lots |
| Tin ($ per tonne) | | | | | | Total daily turnover 988 lots |
| Cash | 5510-20 | 5525-32 | 5522/5520 | 5525-5 | | |
| 3 months | 5585-90 | 5600-5 | 5605/5590 | 5592-5 | 5590-600 | 5,710 lots |
| Zinc, Special High Grade ($ per tonne) | | | | | | Total daily turnover 7,739 lots |
| Cash | 1018-9 | 1018-20 | 1015/1014.5 | 1014.5-5.5 | | |
| 3 months | 1035-6 | 1036-9 | 1041/1035 | 1035-5.5 | 1035.5-6 | 29,350 lots |

LME Closing £/$ rate: SPOT: 1.7335 | 3 months: 1.7131 | 6 months: 1.6959 | 9 months: 1.6829

**LONDON BULLION MARKET** (Prices supplied by N.M.Rothschild)

| Gold (fine oz) | $ price | £ equivalent |
|---|---|---|
| Close | 351.70-352.20 | |
| Opening | 352.00-352.40 | |
| Morning fix | 352.20 | 203.489 |
| Afternoon fix | 351.90 | 202.707 |
| Day's high | 352.90-353.10 | |
| Day's low | 351.40-351.80 | |

Loco Ldn Mean Gold Lending Rates (Vs US$)

| | | | |
|---|---|---|---|
| 1 month | 5.14 | 6 months | 6.02 |
| 2 months | 5.11 | 12 months | 4.86 |
| 3 months | 5.06 | | |

| Silver fix | p/troy oz. | US cts equiv |
|---|---|---|
| Spot | 243.45 | 422.15 |
| 3 months | 249.80 | 427.75 |
| 6 months | 255.40 | 433.60 |
| 12 months | 267.60 | 446.20 |

**GOLD COINS** (Prices supplied by Engelhard Metals)

| | $ price | £ equivalent |
|---|---|---|
| Krugerrand | 352.00-353.00 | 202.75-203.25 |
| Maple leaf | 362.00-363.00 | 208.50-209.00 |
| New Sovereign | 83.00-87.00 | 48.50-50.00 |

**TRADED OPTIONS**

| Coffee | Nov | Jan | Nov | Jan |
|---|---|---|---|---|
| 550 | 25 | 36 | 4 | 9 |
| 575 | 13 | 22 | 12 | 29 |
| 600 | [illegible] | 11 | [illegible] | [illegible] |
| **Cocoa** | **Dec** | **Mar** | **Dec** | **Mar** |
| 725 | 40 | 60 | 15 | 28 |
| 750 | 32 | 25 | 25 | 40 |
| 775 | [illegible] | [illegible] | [illegible] | 51 |
| **Brent Crude** | **Nov** | **Dec** | **Nov** | **Dec** |
| 2000 | | | 10 | |
| 2050 | | | 22 | |
| 2100 | 47 | 62 | 22 | 57 |

**CRUDE OIL (Light) 42,000 US galls $/barrel**

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Nov | 22.09 | 22.21 | 22.25 | 22.02 |
| Dec | 21.98 | 22.10 | 22.15 | 21.92 |
| Jan | 21.80 | 21.95 | 21.95 | 21.78 |
| Feb | 21.62 | 21.74 | 21.73 | 21.62 |
| Mar | 21.47 | 21.56 | 21.53 | 21.41 |
| Apr | [illegible] | [illegible] | [illegible] | [illegible] |

### New York

GOLD 100 troy oz.; $/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 350.8 | 352.8 | 0 | 0 |
| Oct | 350.8 | 353.0 | 352.5 | 350.3 |
| Nov | 352.4 | 354.6 | 0 | 0 |
| Dec | 354.1 | 356.3 | 355.8 | 353.3 |
| Feb | 357.1 | 359.4 | 358.7 | 356.2 |
| Apr | 360.0 | 362.5 | [illegible] | [illegible] |
| Jun | 362.9 | 365.2 | [illegible] | [illegible] |
| Aug | 365.6 | 368.3 | 0 | 0 |
| Oct | 368.1 | 371.4 | 0 | 0 |

PLATINUM 50 troy oz; $/troy oz.

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 351.0 | 355.6 | 355.0 | 350.0 |
| Jan | 355.0 | 360.0 | 358.0 | 355.0 |
| Apr | 357.5 | 364.0 | 364.0 | 357.5 |
| Jul | 371.5 | 374.8 | 373.8 | 371.5 |

### Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Nov | 586/0 | 590/2 | 591/4 | 585/0 |
| Jan | 599/0 | 601/0 | 601/6 | 596/0 |

FINANCIAL TIMES SURVEY

# VENEZUELA: AN OIL ECONOMY

Friday September 27 1991



Venezuelans have swallowed some bitter economic medicine in the past two years to make the most of their enormous natural resources. Privatisation of state assets continues apace, but the final outcome is hard to predict, writes **Damian Fraser**

## Reform at a risky pace

VENEZUELA'S economy is booming again. After a fierce recession in 1989, the economy grew by 5.3 per cent last year; this year it should grow by another 6 to 7 per cent. Confidence among foreign and Venezuelan investors appears buoyant. International reserves are above $13bn, and the current account surplus is likely to be $3bn this year. While hardly believing it is true, many talk about a "new" Venezuela and the permanence of the current economic reforms.

Two and a half years ago, when Carlos Andrés Pérez was elected president, few would have thought this possible. The country was virtually bankrupt, with just $300m in foreign reserves, a current account deficit of $5.8bn, and a budget deficit of 9.5 per cent of GDP.

Mr Pérez, while president in the 1970s, had ranked as one of Latin America's most populist and interventionist leaders, even by the continent's impressive standards. His party, Accion Democratica (AD), the labour unions, the bureaucracy and many businessmen appeared addicted to state largesse and patronage. Most of the country seemed to believe that the Venezuelan state was so rich, thanks to oil revenues, that it need not change.

But change it did. Shortly after returning to power President Pérez, with full backing from the International Monetary Fund and World Bank, immediately removed price controls, unified and freed the exchange rate, abolished import licences, committed Venezuela to a steady reduction in tariffs, raised interest rates, cut spending, and welcomed foreign investment.

In 1990 and 1991 his government started, rather hesitantly, the painful and slow task of restructuring the public sector, through deregulation and privatisation. The government has already privatised three banks and a cellular telephone network; this year the national airline, Viasa, the telephone company, CANTV, seven sugar mills, and a shipyard should be sold.

Government ministries have been streamlined, and the ports will be transferred to regional authorities and run by private companies. The shipping sector, steel company, and electricity power companies are all being restructured. Social spending is being targeted at the poor through schools and hospitals, and indirect subsidies scrapped.

And, not least, the government last year finally reached an accord with its creditors that led to a $1.9bn cut in principal on the roughly $20bn of debt owed to commercial banks, and a $500m saving on interest payments.

The harsh medicine led to riots in February 1989, in which 300 people died; in 1989 the economy shrank by 8.6 per cent, the worst recession in living memory. But since then, it has rebounded remarkably fast, and looks set to grow by at least 6 per cent in the next couple of years. Inflation, meanwhile, has continued to fall, albeit slowly, from 81 per cent in 1989, to 36.5 per cent last year. This year it should be around 25 per cent to 30 per cent.

Pipe-line welding: with 60bn barrels of proven oil reserves the country should flourish in the next few decades

Impressive as the changes are, doubts remain. The first centres on Mr Pérez, even though, as almost everyone in Venezuela agrees, the programme could not have been implemented without him.

No-one questions that the president has changed his views since the 1970s. According to one cabinet colleague, Mr Pérez has become vehemently opposed to all forms of price controls. Likewise, the president, says the cabinet minister, has become "the biggest free trader I have ever seen", often returning from obscure countries with a free-trade pact in his pocket.

But unlike, say, Mexico's president, Carlos Salinas de Gortari, Mr Pérez, according to colleagues, remains suspicious of the private sector, and its ability to invigorate Venezuela's economy. His former private secretary, Julio Camino, reports that Mr Pérez has two faces, populist and liberal, but the "balance of the faces is populist".

Mr Pérez has thus so far refused to countenance the privatisation of the steel, aluminium and oil industries. More dangerously, his government has recently embarked on a large increase in public-sector investment, without first securing the necessary increase in tax revenues. This year public sector investment should reach Bs (Bolivars) 547.2 bn ($10.13bn), roughly a 20 per cent increase in real terms on investment last year, thanks to big increases in spending on social programmes, infrastructure works, and public companies.

PDVSA, the giant state oil company, will spend the lion's share of the money. This year it should spend some Bs 201bn ($4bn); in the next six years around $34bn. It thereby hopes to increase production to 3.5m barrels of oil per day, from the current 2.24m b/d.

Such investment is perhaps at odds with the government's professed desire to create a diversified economy, less dependent on oil. Unless Congress passes the tax-reform Bill before it, it also threatens the economic stabilisation plan.

Worryingly, even investment in the non-oil exporting sector is being steered by the government through so-called mega-projects – huge joint public and private sector investments selected by the government – mainly in aluminium, petrochemicals, paper and pulp. This too suggests that the visible hand of the state will continue to play a big part in Venezuela's economy.

**President Pérez is said to have both a populist and a liberal face; but the latter is the more important**

Congressmen from Mr Pérez's party will certainly egg him on in his statist instincts. For Mr Pérez has so far pushed his economic reforms through Congress against the wishes of his own party.

Whether his successor, if less adroit or less committed, will have similar political success after the 1993 elections is another question. The reform process could well fall foul of opposition in Congress. A reversal of some reforms cannot be entirely ruled out.

That at least is a view prevalent in Venezuela, but there are some signs that the power of the old party stalwarts is sliding. One indication is the current spate of corruption scandals, involving the military, ex-president Jaime Lusinchi and his inner circle, labour leaders and close associates of Mr Pérez. The allegations, while not particularly remarkable by Venezuelan standards, are notable for the speed and aggressiveness with which they are being pursued, suggesting a growing dissatisfaction with the old, corrupt ways of Venezuela's political system.

The political parties are steadily losing power in more obvious ways. The AD has in the past couple of years lost most of the important governorships to opposition parties. The state governors and city mayors are now elected directly, rather than being appointed; in the party primaries for these posts, the party stalwarts lost heavily.

Soon, state assemblies and up to a half of national Congressmen will be directly elected, and not, as now, picked by party headquarters, further weakening the traditionalist corporatist structures in the two main parties.

The danger is that Venezuela will become increasingly difficult to govern as the old political system crumbles. This is a particular concern in view of the unpopularity of the economic reform programme, and its failure, so far, to raise the living standards of the majority of Venezuelans. In the past months there have been scattered protests and riots.

Mr Pérez, nevertheless, appears determined to consolidate his economic reforms in time for the next election. Accordingly, his administration has recently sent Congress legislation that will strengthen the independence of the central bank. His government wants to share the proceeds from the proposed value added tax, also before Congress, with the states, who will then become responsible for major parts of health and education spending. By 1993 many key industries – such as telephones, ports, public utilities – should be in private hands or management.

If Mr Pérez manages all these reforms, and there is no big outbreak of public opposition, then Venezuela's economy should flourish in the next few decades. For a country with 60bn barrels of proven oil reserves, huge quantities of coal, iron ore, bauxite, hydro-electric power, fertile land and easy access to the US, anything else would be a failure.

Danny Green

A time of exciting changes: Venezuelans converse in Plaza Bolivar, the main square of Caracas

The first results of reform are promising, writes **Damian Fraser**

## Economy bounces back after a sharp recession

VENEZUELA is now in the third year of its economic reform programme, and, after a sharp recession in 1989, the effects have been remarkably positive.

The worst of the economic imbalances have been removed. The public sector deficit was reduced from 9.4 per cent of GDP in 1988 to a 1.3 per cent in 1989. Last year, admittedly with the help of higher oil revenues, the government ran a budget surplus of 1 per cent of GDP; this year the government is promising a balanced budget.

The current account deficit, thanks to an overvalued exchange rate, ran to $5.8bn in 1988 (roughly 10 per cent of GDP), but swung into a surplus of $8.2bn in 1990; this year, with lower oil prices, it should be around $3bn, according to Mr Pedro Rosas, vice-minister of the planning ministry. International reserves, just $300m when President Pérez took office, have risen to some $13bn (from $10bn in 1990).

Meanwhile, the economy has rebounded from the depths of the 1989 recession (when GDP fell by an unprecedented 8.6 per cent). Last year growth was 5.6 per cent; this year the government reckons it will reach 6 to 7 per cent. Unemployment, while difficult to judge, also seems to be falling; from 10 per cent at the end of last year, to 8.5 per cent today.

The cloud on the horizon is the inflation rate and the level of public sector spending. Inflation has fallen more slowly than the government would have liked – this year, according to Dr. Rosas it should be close to 28 per cent. In part this is due to continued increases in government spending; the government has met its budget deficit targets through increased revenues, rather than lower spending.

In any other country this would not matter too much. Increased government revenues would imply greater tax proceeds. The dampening effect on consumer spending would largely offset the boost to domestic demand given by greater government spending.

In Venezuela, however, some two-thirds of government revenues comes from oil receipts; these have financed most of the increase in public spending. So, although the public sector deficit, compared with other countries, is small, the near doubling in consolidated government expenditures from 1989 to 1991 has not been matched by an increase in non-oil tax revenues, or private-sector saving. Domestic demand has thus shot up.

The government is now thinking rather belatedly of ways, beyond merely keeping interest rates high, of ensuring that domestic demand is not at the mercy of the changes in Venezuela's oil revenues.

To start with, the government is now trying to re-implement an oil contingency fund, where revenues from oil above a pre-set target price are put untouched into a fund (denominated in dollars); the fund is drawn down when the oil price falls below target.

Such a fund was established last year, but did not work too successfully. Of the $3.5bn in windfall oil profits earned in 1990, the government spent some $2bn in paying off international commercial banks (as a result of the Brady debt deal); most of the rest was spent by PDVSA to pay taxes, or finance its increase in investment.

The government would now like to pass a law that will guarantee that all money from oil above an official target will go to the fund, which cannot be touched by the government or PDVSA. Second, the planning ministry is investing in a new "integrated information system", which tells exactly when the government is handing out money and to whom. That way the central bank can immediately offset the impact of government spending on the money supply by selling government bonds at the moment government disbursements are handed out.

Finally, the administration is is pushing for fiscal reform, which it hopes will enable a bigger slice of government revenues to come from direct and indirect taxes.

The new tax Bill, passed in July, will lead to a reduction in corporate and personal taxes from the current rate of 50 per cent to 30.

The Bill does not eliminate many of the myriad tax exemptions that currently are allowed. Nor did Congress agree to a new value-added Bill. In the next few months Congress will vote on the VAT Bill again. If it is passed, government revenues will increase automatically as the economy grows. At present, direct and indirect personal or corporate taxes account for just 3 per cent of government revenues.

While the government has been slow to act on reforming the tax laws, its record on trade reform has been much more impressive. Until 1989, imports required a special licence, which was granted on condition that domestic producers did not object. If successful, imports frequently would still face prohibitive tariffs. However most, but not all imports, could be brought in at the official exchange rate, some 110 per cent overvalued.

Exporters, on the other hand, were penalised by having to surrender foreign exchange at the official rate; but they were compensated by fairly ad-hoc export subsidies, cheap credit, and currency retention schemes.

In a recent report the World Bank concluded the trade system "was so complex that it is impossible to determine its beneficiaries from a priori theory. These programmes lead to distortions and widespread corruption. The industrial sector during the 1980s is a story of weak growth, diminishing productivity, low capacity utilisation and reduced investment."

The government has now abandoned these schemes. The exchange rates are unified and free to float; export subsidies have been removed; import licences for most products scrapped; tariffs are being reduced on a staggered basis, starting with a maximum of 80 per cent in 1989 and falling to 20 per cent after 1992. Most indirect subsidies to businesses have been eliminated.

Venezuela's structural reform has in the past two years been profound, more so in many ways than Mexico's, with which it is often compared. Venezuela, for example, has scrapped almost all price controls. Mexico still relies on them to control inflation.

Venezuela is opening up its agricultural sector to market forces and international prices, while Mexico's maize sector is closed to foreign competition and subject to outdated agrarian reform laws. In Venezuela, unlike Mexico, the government has opened up oil to foreign equity investment.

However the Venezuelan state is still much more involved in heavy industries than Mexico's. Venezuela's economics ministry and its president still seem insufficiently committed to reducing inflation. Venezuela's public spending is not yet under control. All this could still lead to the programme's undoing.

# VENEZUELA: AN OIL ECONOMY 2

**Gary Mead** on the pressures for radical reform

## High finance on the high wire

MUCH of Venezuela's economy is pushing back the barriers to competition and foreign investment. But its financial sector is still subject to the wild volatility which made the 13 year old Caracas stock exchange the world's largest riser in 1990, after having lost 35 per cent in US dollar terms in 1989.

In the course of last year the Caracas index soared by 610 per cent in US dollar terms and by 720 per cent in bolivares. Total market capitalisation doubled, to more than $7bn.

The instability points to the urgent need for radical reforms. *According to* Mr Oscar Garcia Mendoza, president of Banco Venezolano de Credito, the current Venezuelan laws *on banking* "are highly complicated and discourage competition. Our national banks in general have still not made the necessary adjustments and will in the future have substantial problems unless they reform themselves".

One crucial reform in this sector is Decree 727, passed in January 1990. It permitted foreign purchases and sales of Venezuelan shares without prior approval. The decree is believed to have been one reason why the Caracas bolsa performed so well last year.

Another reason was the *repatriation by individual* investors of some of Venezuela's estimated $50bn from overseas. They wanted the money to enter the market created by high-yield 90 day zero-coupon bonds issued to siphon off liquidity created by the steep devaluation in 1989. Mr Ralph von Specht, a Caracas-based investment banker, thinks that up to $3bn flight capital may have been repatriated last year.

But despite Decree 727, there *are still important restrictions*, imposed in 1974, against foreign investment in banks, insurance and security service companies and in companies engaged in basic industries such as oil, steel and iron. Foreign holdings in such industries and companies are still restricted to a maximum of 20 per cent.

*Added to capital gains taxes* of 50 per cent – there are plans to reduce this to 30 per cent – Venezuela still lacks a positive financial climate to offset its political insecurity.

Foreign companies have been deterred from entering some mining areas by capital gains tax of more than 60 per cent. This heavy tax burden is set to be reduced and the whole highly complex corporate tax system simplified, if Congress finally agrees to pass a tax reform package which will include for the first time a value added tax.

Probably one of the more *important indicators of change* in the economy was the establishment in October 1990 of CONAPRI, the Consejo *Nacional de Promocion de* Inversiones (National Council for Investment Promotion), a mixed government-private sector entity.

CONAPRI's main function is to provide services to investors already in Venezuela. But it has other roles, particularly to lobby for a wide range of economic liberalisation laws.

According to senior CONAPRI official, the present government is working fast to make the country highly attractive for overseas investors. "I think if a group of wise people were asked to form the best cabinet possible, they *would not choose one* much different from today's."

The most important development is the proposed reform of the national *financial* system, currently under consideration in Congress. It proposes to open up Venezuela's banking sector to considerably increased foreign competition; to tighten accounting norms and give greater teeth to regulatory authorities; to place much greater restrictions on deposit/loan levels; and to tidy *up the structure of the financial* market place. New banks will be required to establish a minimum capital base of Bs 1.5bn, and all existing banks will be required "substantially" to increase their capital base. Current banking law permits loans up to 20 times a bank's reserves.

But for some politicians and inefficient local banks the most sensitive reform is that which promises to allow the operation of foreign banks. It proposes that within five years of the law's passage all foreign banks will be allowed to operate in Venezuela on exactly the same basis as local banks.

Foreign capital interested in owning Venezuelan banks rather than setting up local branches of overseas banks will be permitted to take an initial 20 per cent of local banks, and 100 per cent control subject to government approval

*However, the government* is aware that liberalisation of a banking system, particularly in Latin America, can be a mixed *blessing. Officials fear that* traffickers in neighbouring Colombia might seek to benefit from Venezuela's bank *reforms. Mr Jose Rodriguez* Aznar, vice-president of the central bank, promised at the start of July this year that foreign investors interested in buying shares in Venezuelan banks will not find it a simple matter."It is not sufficient to have the capital and to fulfil the formal requirements", he said.

**Gary Mead** describes the ideological rebirth of President Carlos Andres Pérez

## Socialist who changed his clothes

VENEZUELA'S contemporary political scene is like a Chinese dish which tastes exactly opposite to what one expects. Since 1989 Venezuela has had a president who, in the 1970s, supported quasi-socialist state control, but who in his second (and constitutionally last) term of office has embraced market economics.

Carlos Andrés Pérez has changed direction against the wishes of most of his own political party, the social democratic Accion Democratica (AD), in Congress.

Like Carlos Menem in Argentina, Pérez took office amidst nationwide protests – which left about n300 dead – and near *economic collapse*. Both leaders defied the their political supporters to push through emergency economic measures.

*Pérez had an added reason* for being able to resist the dictates of his party: since he is prevented from running for the *presidency again by* Venezuela's constitution he does not depend on it for reelection.

Many officials inside Venezuela believe that the apparent radical change in his policies springs from his highly pragmatic nature. Economic reform is also the international vogue and success will help to secure him a place in history.

Like the Argentine leader, President Pérez has produced an unexpected and spicy dish; and the meal is far from over. Since 1989 a political consensus has developed between the pro-Pérez faction of the AD and the main opposition Christian Democratic Comité de Organización Política Electoral Independiente (Copei). But there is some fear that, if the reforms do not produce all-round improved living standards, a charismatic old-style politician full of demagogic promises could return to power when the next presidential elections are held in 1993.

Long-term expatriate residents in the business community, are impressed not only by the speed of Venezuela's economic reforms but the political will to continue those reforms. Mr John Warner, president of *the American chamber of commerce* in Caracas and local chief executive of Heinz, compares the situation with that of *Chile*. "*Pinochet took much* longer to change the Chilean economy than this government, a genuine bona fide democracy, has done to change Venezuela's", he says. For Mr Warner the main threat would be the return of a populist president and Congress, but he regards it as "the small probability of a large risk".

Pérez: leading from the front

Under Pérez, Venezuela is involved in international arrangements which, to some extent, should prevent its *return to trade protectionism* and inward-looking political policies. Mr Miguel Rodriguez Mendoza, president of Venezuela's department of foreign trade, pointed out that by the end of 1991 Venezuela and its partners in the Andean Pact (Bolivia, Colombia, Ecuador and Peru) will have completely free tade between themselves, including an "open skies" policy allowing any of the five nations to fly without restrictions to any of the others.

In 1990, Venezuela joined the Gatt. For Mr Mendoza, "the most important thing is that, for the first time, the private sector has begun to believe in the permanence of these changes".

Nevertheless, a populist backlash has begun to develop led by Mr Rafael Caldera, Venezuela's president between 1969-74 and a founder of the Copei. Mr Caldera has yet to formalise his break with the Copei, but is expected to do so in the next few months.

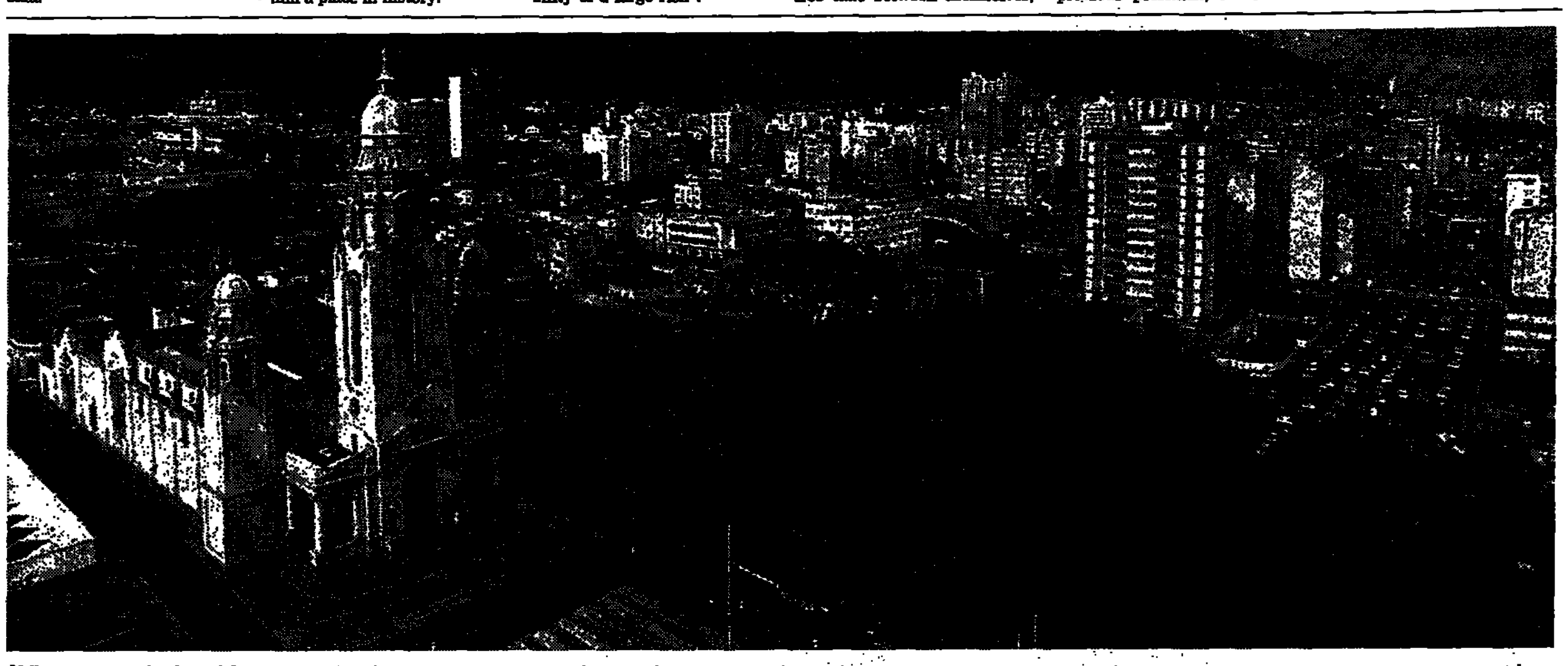
Mr Eduardo Fernández, secretary general of the Copei, is currently running ahead in the opinion polls against Pérez, old-guard AD supporters and Mr Caldera. But the Copei split might so weaken the party that a revanchist sector of the AD, opposed to the President's reform programme and dependent on the traditional allies of the AD – the CTV or Confederación de Trabajadores de Venezuela, the country's largest union federation – *might* secure power on a mandate to reverse the reform programme.

However, the most likely focus for such an AD-led anti-reform, anti-Pérez policy is the previous president, Mr Jaime Lusinchi. But his reputation has been badly damaged both by the economic mess he left behind and the *mounting allegations* of corruption in his last days in office.

At present, Mr Eduardo Fernández *is the political* leader most favoured to win the presidency next time around. His closest aides promise that, if anything, *Mr Fernández* would go even further down the privatisation road than Pérez. "In particular, Fernandez would privatise the CVG heavy industry complex in Guayana; Pérez wouldn't dare do that," said Mr Anibal Romero, one of Mr Fernández's chief advisers.

The Fernández programme, according to Mr Romero, differs from that of Pérez only in terms of degree and commitment. "Pérez was forced to begin a process which was highly contrary to his own inner convictions – if he has any," said Mr Romero. Thus the Fernández wing of Copei suggests it aims to improve education, health and other basic social provisions by *removing elements of them* from state control.

"One of the great things about the Pérez experience is that it has shown us the critical areas for change," said Mr Romero.



Airline passenger's view of Caracas: an oil-rich capital with soaring ambitions and a wish to join the ideological mainstream

**Joseph Mann** on the strategy of a $10bn growth programme

## The refineries are the key

VENEZUELA already owns and operates one of the world's largest petroleum refining complexes, plans to invest $10bn in *domestic* and international refining plants over the next five years.

These investments are motivated by several factors. New capacity in refining and exports represents a key element in the company's long-term strategy of capturing a larger share of petroleum markets in Europe and the US.

PDVSA is increasing its home refining capacity and strengthening its market presence abroad by upgrading and *expanding its existing refining* plants, and by acquiring equity stakes (that is, buying market share) in established oil refining and *distribution systems* in America and Europe.

The company has said it plans to invest about $2bn in its overseas refineries over the next few years, not including what it may spend on new acquisitions. Through its German partner Veba Oel, PDVSA recently acquired an interest in a 230,000 barrel per day (b/d) refinery in Schwedt, formerly owned by the East German government.

Last year it also acquired a 50 per cent interest in a US refinery in New Jersey.

Moreover, PDVSA wishes to *export a high percentage of* refined products, rather than crude oil, and will need more domestic refining capacity to *handle greater volumes of* crude – especially heavy oils – that it will produce in coming years.

At the same time, some new investments will be aimed at increasing the volume of high-value export products coming out of its home refineries.

Last year, PDVSA's six domestic refineries processed an average of 917,000 b/d of crude oil, generating a wide range of products that includes gasoline, kerosene, naphthas, distillates, residual fuel oil and speciality products. Most of these refined products were exported.

Overseas, PDVSA owns two refineries in the US, holds equity positions in nine others *located in Europe and* America, and leases another in Curaçao.

PDVSA's home and overseas refining capacity currently stands at more than 2.6m b/d, and the company supplies most of the crude oil used by its international refining affiliates and subsidiaries.

PDVSA's investments through 1996 are designed to raise the company's refining capacity by 400,000 to 500,000 b/d. This will be accomplished by adding around 200,000 b/d of processing capacity to the country's existing refineries, *boosting capacity at the Isla* refinery in Curaçao (leased by PDVSA), perhaps by 100,000 b/d, and by building a new refinery *in eastern Venezuela to* process heavy crude oils.

The Venezuelans wish to find a foreign partner to share the costs of erecting a new refinery for processing heavy oil, which will use a costly process called deep conversion.

A refinery of this type, with processing capacity of 100,000 b/d, would cost between $2.5-$3bn.

Venezuela has large reserves of heavy crude oils, ranging from 14 degrees API downward, and these crudes – containing heavy quantities of sulphur, nickel and other metals – *cannot* be handled by normal oil refineries.

PDVSA is also interested in finding international partners *for other refining ventures*, both at home and abroad.

Over the last six months, the company has signed letters of intent with BP, Veba Oel, Elf Aquitaine, Ente Nazionale Idrocarburi (ENI) and Amoco calling for feasibility studies in joint-venture refining projects, especially in heavy oil. So far, the most likely prospects for an association in heavy petroleum seem to be Veba and Amoco, according to government officials.

While Venezuela's heavy *crude is much less valuable* – and more difficult to process – than light and medium crudes from the Middle East, PDVSA is trying to market it in terms of strategic advantage.

A European or American oil company that links up with PDVSA in a deep conversion refinery will face high initial capital costs, but will be *ensured of long-term access to* Venezuela's huge proved oil reserves.

The Venezuelans also point out that they are not subject to the political instability endemic to the Middle East, and thus can be counted on as a reliable supplier (especially to clients who are also their business partners) in times of conflict.



**Company profile:** PETROLEOS DE VENEZUELA

## A well-packed portfolio

VENEZUELA, which has been an important petroleum producer and exporter for decades, is moving ahead with an ambitious development programme designed dramatically to expand its presence in the world energy market.

The Venezuelan national oil company, Petroleos de Venezuela, S.A. (PDVSA), this year began implementing a five-year expansion programme calling for total investments of $48bn.

These planned investments, some of which are already under way, include:

- Exploration $1.7bn
- Production of crude oil and natural gas $16.2bn
- Oil refining $10bn
- Petrochemicals $5.7bn
- International investments $4.5bn
- Orimulsion (a new fuel that is an emulsion of bitumen and water) $2.5bn
- Liquefied natural gas (LNG) $2.5bn
- Oil tankers $1.4bn
- Coal $1.9bn
- Domestic market $900m
- Other investments $700m

Of the $48bn total, PDVSA expects to make direct investments *of approximately $34bn*. The company hopes to raise the remaining $14bn from joint-venture projects between PDVSA and existing or future partners, as well as from commercial loans, project financing and other sources.

Company officials say that the imported component of the plan stands at around 40 per cent of total outlays. These investments reflect policies developed by PDVSA and its owner, the Venezuelan government, that foresee large increases in production and exports of Venezuelan petroleum throughout the 1990s; increased investments in oil refining and distribution systems in the US, Europe and other areas; and major expansions in the *production and* export of natural gas, petrochemicals and coal.

Steady output increases in oil and *natural gas stand in* contrast to Venezuela's earlier policy, developed during the late 1970s, of depending on high international *oil prices*.

PDVSA's independence from political interference was seriously challenged last month during a brief *confrontation* between its president, Mr Andrés Sosa Pietri, and the Minister of Energy and Mines, Mr *Celestino Armas*.

Mr Armas, backed by President Pérez, issued a directive that constrainted the company's autonomy in areas such as domestic or international indebtedness, the acquisition of overeas assets and seniorappointments.

After a series of intense meetings the directive was withdrawn in return for a pledge by PDVSA's leadership to improve the flow of information to the Minister and to consult over major financial decisions.

PDVSA has sizeable international interests. It is the sole *owner of Citgo Petroleum* in the US and it holds a half-interest in another American company, Uno-Ven, in partnership *with Unocal*.

With Veba Oel it is an equal Partner in Ruhr Oel; it also has a 50 per cent stake in Sweden's *Nynas Petroleum (Nesty Oy* holds the remaining 50 per cent). PDVSA owns extensive oil storage facilities in the *Caribbean and leases* a refinery in Curaçao.

In 1990, PDVSA had domestic and international sales totalling *more than $23bn. The company* has oil refining and distribution assets in the US, Germany, Sweden and Belgium.

**Joseph Mann**

## VENEZUELA: AN OIL ECONOMY 3

The State-owned petro-chemicals company is no longer a disaster area, writes **Joseph Mann**

# When a change is as good as a rest

FOR many years, Venezuela's state-owned petrochemical sector was viewed as a prime example of government mismanagement.

The State-owned Venezuelan Petrochemical Institute (IVP) accumulated hundreds of millions of dollars in losses during the 1970s. The company was plagued by plant breakdowns, scandals and rampant political interference.

In 1977, the Venezuelan government decided to give full control of the IVP to the national oil company, Petroleos de Venezuela, S.A. (PDVSA). The old petrochemical company was converted into a new PDVSA subsidiary, Pequiven, and began a long process of reforms and improvements under a new management team.

By 1983, Pequiven had converted its industrial plants into an efficient operation, and began generating net profits. Pequiven's story stands out as an example of successful government management in a region where State-owned companies often are financial disasters.

Pequiven today is a profitable, well-managed company. Last year it posted net earnings of $37m on turnover of $330m.

Production at Pequiven's own plants in 1990 was 2.5m tonnes, while other plants where it is an equity partner produced another 1.1m tonnes of petrochemicals. (PDVSA also owns petrochemical facilities in the US and Europe, but production figures given here cover only its plants on Venezuelan soil.) Pequiven operates three petrochemical complexes in Venezuela, and has an aromatics (BTX) plant located at an oil refinery called El Palito.

The company's exports last year totalled $72.1m, up from $68.4m in 1989.

Pequiven currently is in the midst of a major expansion programme. It plans investments of $5.7bn through 1996 to raise national petrochemical production capacity from the present level of nearly to 4m tonnes per year to 14m tonnes per annum. These capacity figures include plants fully owned by Pequiven, plus joint ventures between Pequiven and private investors.

The strategy is to make use of Venezuela's abundant reserves of natural gas (more than 3.4 trillion cubic meters) as the raw material for a broad range of petrochemical products, most of which will be exported.

If all the elements in the current expansion scheme are implemented, Pequiven will build more than 30 new plants to produce a dizzying array of plastics, industrial chemicals, fertilisers and other items. In addition, it is expanding several existing facilities.

Pequiven's development plan lays special stress on new capacity for producing oxygenates, that is, compounds such as MTBE (methyl tertiary-butyl ether) that are used to boost octane in motor gasoline. The demand for oxygenates is growing briskly as environmental regulations in the US and Europe call for the progressive elimination of lead, which was traditionally used as an octane booster but which is a major air pollutant.

Some of the new plants Pequiven plans to erect – either alone or in partnership with private companies – are: methanol; MTBE; propylene; ethylene; low-density polyethylene; styrene; PVC; ammonia, urea, sulphuric acid, caustic soda; chlorine; ethylene oxide, and a variety of specialty products.

Negotiations are already advanced with foreign investors for some of these joint-venture projects, Pequiven officials said. Foreign partners expected to be involved in these projects are Combustion Engineering(US); Ecofuel (Italy); Repsol (Spain); and Japanese investors.

The government is considering the approval of a total of $611m in debt-equity swaps to finance several large petrochemical projects worth $2.6bn.

An exploration team in eastern Venezuela: in search of new feedstock for fuel and by-products

In June, a group of international banks led by Citicorp arranged two swaps for Pequiven totalling $243m. The company will apply these funds to the financing of two plants it is building with its own resources: a $428m olefins facility and a $392m chlorine and caustic soda plant.

Currently, Pequiven and international partners are building several other new plants. At the Zulia complex in western Venezuela, Pequiven, Mitsui and Venezuelan investors are completing work on a 70,000 tonnes per year polypropylene plant. And at a nearby site, Pequiven, Olin, the International Finance Corp. and Corimon, a Venezuelan concern, are building a plant to make ethylene oxide (16,000 tonnes) and ethylene glycol (66,000 tonnes).

In March of this year, Pequiven and Ecofuel, a unit of Italy's national oil company, ENI, put into operation a $297m facility to produce 500,000 tonnes a year of MTBE in eastern Venezuela. At the same time, Ecofuel announced it would build a $330m facility to make methanol (670,000 tonnes per year) at the same site.

On its own, Pequiven is currently erecting facilities for producing olefins, caustic soda and chlorine, and is completing infrastructure work at its petrochemical complex at Anzoategui, in the east. It is also expanding capacity at three other facilities.

Pequiven's ambitious $5.7bn expansion plan calls for more than $2bn in direct investments to be made by the company, plus financing from joint venture partners and other sources.

Pequiven's president, Mr Hugo Finol, estimated that around 60 per cent of funding for the 1991-96 plan would come from private investors (both international and Venezuelan), as well as from supplier credits, debt-equity swaps and other sources.

Peuqiven's interest in joint ventures with foreign partners is not based solely on financial considerations. The Venezuelan company also wants to gain access to advanced technology, and to obtain the help of foreign partners in marketing Venezuelan petrochemicals internationally.

Pequiven's investment programme seems generally well conceived. However, some of its projects may have to be stretched out beyond 1996 since Pequiven's owner, PDVSA, is also carrying out a massive investment scheme.

This means that over the next few years, there will be heavy competition for financing to cover a large number of projects in the oil and petrochemical sectors, as well as competition for specialised services (such as certain types of engineering), skilled workers and capital goods.

Under the current government, which took office in early 1989, Pequiven has made real progress on turning projects into reality. But some of Pequiven's big projects have been under discussion for four or five years, and the government only recently took action on long-promised debt-equity swaps for the petrochemical sector.

Much to Pequiven's regret, official foot-dragging on the swap programme has turned off some potential investors. For example, Norsk Hydro, which planned to invest in a large ammonia project with Pequiven, reportedly withdrew in June. The company apparently got tired of waiting for action on swaps, and for a final decision on a project that has been under discussion for several years.

Some analysts worry that Venezuela's big push in petrochemical exports will face stiff competition, especially since Saudi Arabia and other oil producers are also making big capacity increases in petrochemicals. However, Pequiven officials say they are confident that Venezuela's comparative advantages will allow it to compete effectively, even under tight market conditions.

## EXPLORATION AND OUTPUT

# A thirst for lighter oils

VENEZUALA'S national oil company, PDVSA, is making a big push to increase its proved reserves of crude oil and its crude production capacity as part of a plan to gain a heftier share of the world petroleum market.

The company's goals in this area are:

- to add more than 9bn barrels of crude oil to its reserves over the next five years through exploration for "new" oil and by developing additional reserves from existing oilfields;
- to raise crude oil production potential to 3.5m-3.6m barrels per day (b/d).

These activities will require substantial investments: $1.7bn for exploration and $16.2bn for production.

PDVSA produced an average of 2.48m b/d of crude oil

**Venezuela has the west's largest proven reserves of crude — but they are for the most part heavy oils**

(including condensates and natural gas liquids) during the first four months of this year, and the company's production potential now stands at more than 2.8m b/d.

The goal of increasing output capacity by more than 25 per cent over the next five years is a formidable challenge, requiring extensive exploration to replace oil that is being produced, and production maintenance to keep the wells flowing, even in old fields.

Venezuela has 26,531 wells capable of producing oil; of this total, 12,172 were active at the end of 1990.

PDVSA currently has the largest proved reserves of crude oil in the Western Hemisphere: 60.1bn barrels. But since the bulk of the country's reserves is made up of heavy oils, the company's exploratory efforts will be directed at finding new deposits of light and medium crude.

Most of the exploratory work is being carried out in the eastern states of Monagas and Anzoategui; Lake Maracaibo; the Andean flank south of the lake; the Perija sector of Zulia state, and Guarico state.

Exploration work alone is expected to yield 5bn barrels of additional light and medium oil reserves by the end of 1996, while investments in existing oil fields should allow the company to tap another 4bn barrels of crude.

Since many of Venezuela's oilfields have been producing for several decades, PDVSA must invest heavily each year in the production sector in order to maintain output at desired levels.

Investments of this type typically involve drilling new wells to advance production areas in existing fields; repairs and overhaul of active wells; and secondary recovery techniques, such as reinjection of water and gas into oil structures to maintain subterranean pressure.

PDVSA's production plans through 1996 call for drilling 7,560 advance and development wells (in existing oilfields); carrying out more than 10,000 well repairs and workovers; adding 120m cubic metres per day of gas compression capacity (for reinjection into deposits); and making investments in a range of other production-related activities.

Both production and exploratory work will require considerable assistance from oil service companies outside Venezuela. Like other international oil companies, PDVSA relies on specialised companies to carry out many of these tasks.

Aside from PDVSA's direct investments in exploration and production, the company is also seeking foreign investment in these upstream activities for the first time since Venezuela's oil industry was nationalised in 1976.

Earlier this year, PDVSA asked for international oil companies to bid on contracts to operate 46 inactive oilfields.

These fields can produce up to several thousand barrels per day each, but PDVSA believes they are uneconomical to operate for a company of its size.

PDVSA is interested in signing up foreign concerns as contractors to operate the fields, probably paying the operators a fee per barrel produced.

Many companies have expressed interest in the plan, but PDVSA has not yet announced any decision.

The Venezuelan oil company also has discussed the possibility of allowing foreign companies to invest directly in exploration, as opposed to working for PDVSA as a paid service contractor.

Foreign executives approached by PDVSA say that there has been no progress in this area.

PDVSA proposes to assign new exploratory zones to foreign companies, who would take the risk of making all necessary investments. (PDVSA is reserving traditional, less risky exploratory sectors for itself.)

If oil is discovered, the foreign investor could receive a share of future production or some kind of payment. However, this and other important

**The president who nationalised the industry in 1976 is urging foreign companies to reinvest**

points remain unclear.

PDVSA will proceed cautiously in approving any foreign investment in oil exploration and production, since these areas are still a highly-charged nationalist issue in Venezuela.

Ironically, President Carlos Andrés Pérez had nationalised the Venezuelan oil industry back in 1976, during his first term of office.

Today, President Pérez's administration is trying to convince foreign oil companies to invest again in Venezuelan petroleum.

A test case involving foreign investment in the oil and gas sector is now awaiting action by the Venezuelan Congress. If, as expected, the Congress approves a $3bn natural gas venture, in which PDVSA and three international companies are partners, this should open the door to additional foreign investment in the petroleum sector.

The legislature is scheduled to decide on the project, which involves investments by Exxon, Royal Dutch/Shell and Mitsubishi, in the early autumn.

**Joseph Mann**

**Joseph Mann** on why an oil country wants to produce more coal

# Energy producers seek a healthier balance

VENEZUELA is best known internationally for its petroleum industry. But this South American republic also has large reserves of steam coal, and recently initiated a programme to raise coal production from the current level of just over 1.5m tonnes per annum (tpa) to around 20m tpa by the year 2000.

This programme forms part of the long-term plans of Venezuela's national oil company, PDVSA, to expand and diversify its exports.

Venezuela's most important coal deposits lie in the Guasare basin, located in Zulia state, near the Colombian border. Mr Luis Urdaneta, president of Carbozulia, PDVSA's coal subsidiary, said that the Guasare basin has proven coal reserves of 353m tonnes, identified reserves of over 2bn tonnes and hypothetical reserves of more than 6bn tonnes.

Guasare coal is "premium quality steam coal with high volatility and thermal values, and low sulphur content", according to the Carbozulia executive. Most coal in the Guasare fields can be extracted via surface mining techniques, he added.

Successive governments in Venezuela have been talking about large-scale commercial exploitation of the Guasare fields since the mid-1970s. But until now, relatively little has been done. In the past, delays in developing Guasare's substantial coal reserves were caused by a lack of government funds, and by a high tax rate on mining activities that discouraged private investment.

But the Venezuelan Congress recently decided to reduce tax levied on mining companies' operating profits from 60 to 30 per cent, a move that should promote new investment in coal and other mining sectors.

Carbozulia has operated an open pit mine at the Paso Diablo sector of the Guasare fields since 1987, working in partnership with Agip Coal of Italy and Arco Coal of the US. It also has identified three other mine sites at Guasare – Socuy, Mina Nobte and Cachiri – that it plans to develop with foreign companies.

**Governments have talked about exploiting the substantial coal reserves for nearly 20 years but have been stalled by lack of funds and a high tax**

Mr Urdaneta said that his company's goal is to produce more than 11.5m tpa of coal at three or four sites in the Guasare fields by 1996. This stage alone will require investments of around $1.8bn, to be shared by Carbozulia and international partners in joint ventures.

Under current plans, output at Paso Diablo would rise to 6.5m tpa by 1996, and production would begin at three other sites on a staggered basis, reaching around 5m tpathe same year.

All current production from Guasare – about 1.5m tpa year since 1989 – is exported, and Carbozulia plans to export any future output from the Guasare fields. Last year, 87 per cent of Guasare's exports went to Europe, while the remainder was shipped to the US and the Caribbean.

Carbozulia and Agip Coal (a subsidiary of Ente Nazionale Idrocarburi) operate the Paso Diablo mine, the first mine opened in the Guasare region, under a joint venture called Carbones del Guasare. The two partners plan to raise production at Paso Diablo to 2.5m tonnes this year, and progressively increase output to 6.5m tpa by 1996 and 10m tpa by 1998. (Arco Coal was a partner in the venture with Agip and Carbozulia, but pulled out earlier this year.) Investments in Paso Diablo last year exceeded $30m.

Paso Diablo is an open pit mine, and coal currently is moved to a loading station on Lake Maracaibo via heavy trucks. Barges then load the coal on to bulk carriers anchored in the lake for export.

In order to produce more than 3.5m-4m tpa, the Paso Diablo partners (and other investors) will have to build a 70-80 km railway and a port on the lake.

The railway-port project alone is expected to cost around $1bn, and Carbozulia hopes to work out a scheme under which it and other mine operators will share these investment costs.

Carbozulia is making progress toward expanding the country's coal ouput. PDVSA has earmarked part of its future export revenues to help finance Carbozulia projects, and the coal subsidiary has located international partners interested in sharing capital costs.

Carbozulia is working with four international companies and a Venezuelan concern to develop two new mines in Guasare. Shell and Veba Oel are studying the feasibility of setting up a joint venture with the Venezuelans to exploit the Socuy sector. Investment for exploration and other items this year at the Socuy mine is projected at $3.5m.

Carbozulia plans to start production at Socuy in 1995 (at 500,000 tpa) and reach 4.5m tonnes by 1998. To develop this mine, investments of $650m will be required.

Carbozulia recently signed an agreement with A.T. Massey and a Venezuelan-Japanese group covering a 20-month exploration programme for another Guasare site, called Mina Norte. The partners, who include Mitsubishi, plan to spend some $3m carrying out test drills at Mina Norte.

This mine has proved reserves of 335m tonnes, and coal would be extracted both by strip mining and shafts. Once exploratory work is completed, the partners will decide whether to go ahead with a $100m plan to start production in 1993 and reach 2m tpa by 1996. Carbozulia also wants to exploit two other sites in the Guasare fields: Cachiri and Inciarte. Mr Urdaneta said that his company will start seeking international partners for developing the Cachiri mine this year. Carbozulia's policy is to hold a minority position in any joint ventures where it is a partner.

**Profile:** ANDRES SOSA PIETRI

# Outsider with an inside track

WHEN Venezuela's president early last year named Andrés Sosa Pietri to head the country's most important company, Petroleos de Venezuela, S.A. (PDVSA), the appointment provoked an outburst of criticism.

No one doubted Mr Sosa's intelligence, experience or success as an independent businessman, but the appointment of an "outsider" to the oil industry's top post was viewed by many (especially among the ranks of life-long oil executives) as a break with recent tradition, and as a blow to the morale of career oilmen who aspire to sit in the chief executive's office. After over a year as president of PDVSA, one of the world's largest petroleum companies (gross international revenues were $23bn last year), Mr Sosa has shown himself to be a first-class executive and an excellent choice for this sensitive post.

**A clash of wills with the Energy Minister and a threat of resignation lead to better coordination**

The 48-year-old Caracas native was able to win the confidence of oil industry executives and other employees by maintaining professionalism at all levels, continuing and expanding existing development plans, and working hard to defend the interests of the national oil company in Venezuela's contentious political arena. One sign of Mr Sosa's acceptance is the fact that there has been no exodus of executive talent at the company.

The PDVSA president rejects any political interference that might damage the company's efficiency, and believes that Venezuela is best-served by a well-managed, profitable national oil concern. This view is not always easy to defend in a country where most state-run enterprises are ill-managed, overstaffed and in the red.

Mr Sosa took over an efficient and profitable company at a time when it was initiating its biggest ever development programme, a $48bn plan to expand PDVSA's presence in world energy markets.

An important part of his job is to ensure that this complicated plan – encompassing exploration and production of oil and natural gas, refining, transportation, domestic and international marketing, petrochemicals, coal and joint ventures with international investors – moves ahead satisfactorily, and does not get bogged down in excessive bureaucracy.

Unlike his predecessors, Mr Sosa frequently has been outspoken and critical about domestic and international petroleum issues, annoying some politicians with his comments on Opec, the excessively high tax rate levied on PDVSA (over 80 per cent), and "political" prices for domestic petrol that cause the company to lose hundreds of millions of dollars a year.

Trained as an attorney at the Universidad Catolica Andres Bello (Caracas) and at Harvard, Mr Sosa worked for several years as a legal consultant in Venezuela's petrochemical sector, and later founded and ran a group of companies that manufacture valves and other specialised products for the petroleum industry.

A fluent English speaker, he spent a brief period in politics during the 1970s, serving as an independent senator representing Venezuela's socialist party, MAS.

This experience, unusual among Venezuelan oil executives, has helped him to protect PDVSA's interests among politicians, as happened last month during a potentially damaging confrontation with Mr Celestino Armas, the Minister of Energy and Mines.

During the clash, over an attempt by Mr Armas to restrict PDVSA's autonomy in a number of key areas of policy and appointments, Mr Sosa offered his resignation to President Pérez, who refused to accept it.

The clash ended in a compromise whereby PDVSA agreed to consult more closely with the Energy Minister.

Joseph Mann

Sosa: presidential appointee

## KEY FACTS

| | |
|---|---|
| Area | 912,045 sq km |
| Population | 19.5 million (1990 census) |
| Head of State | President Ca rlos Andrés Perez |
| Currency | Bolivar (Bs) |
| Average exchange rate | 1989 $1 = Bs34.68 1990 $1 = Bs46.90 |

| ECONOMY | 1989 | 1990 |
|---|---|---|
| Total GDP ($bn) | 43.1 | 47.7 |
| Real GDP growth (%) | -8.3 | 4.4 |
| GDP per capita ($) | 2,240 | 2,446 |
| Components of GDP (%) | | |
| Private consumption | 65.2 | 60.7 |
| Gross fixed investment | 17.2 | 13.5 |
| Stockbuilding | -4.2 | -3.8 |
| Government consumption | 9.4 | 8.9 |
| Exports | 33.8 | 40.4 |
| Imports | -21.4 | -19.9 |
| Consumer prices (% change pa) | 81.0 | 36.5 |
| Unemployment (% of lab force) | 9.6 | 10.0 |
| Oil production (000 b/d) | 2,010 | 2,365 |
| share of world total (%) | 3.1 | 3.6 |
| Reserves minus gold ($bn) | 4.1 | 8.3 |
| Narrow money growth (% pa) | 16.8 | 58.4 |
| Broad money growth (% pa) | 46.1 | 70.3 |
| Discount rate (% pa,year end) | 45.0 | 43.0 |
| Govt bond yield (% pa,avg) | 17.3 | 17.0 |
| Total external debt ($bn) | 33.2 | 33.0 |
| Debt service ratio (%) | 41.9 | 27.7 |
| Current account balance ($bn) | 2.5 | 7.4 |
| Exports - total ($bn) | 13.0 | 17.6 |
| - petroleum ($bn) | 9.9 | 14.2 |
| Imports ($bn) | 7.1 | 6.8 |
| Trade balance ($bn) | 5.9 | 10.8 |

| Main trade partners (1989, % by value) | Exports | Imports |
|---|---|---|
| US | 50.5 | 44.3 |
| West Germany | 4.3 | 7.9 |
| Japan | 4.0 | 4.1 |

Source:IMF, Economist Intelligence Unit, BP, Central Bank of Venezuela.

Oil majors join the gas rush, writes **Gary Mead**

# Stability pays off

BESIDES its enormous oil reserves, Venezuela has proven reserves of natural gas which are the ninth largest in the world.

According to PDVSA's annual report for 1990, Venezuela has some 6 trillion cubic metres (tcm) of which of which 3.429 tcm are proven.

The PDVSA is expected to invest $16.2bn in crude oil and gas production over the next five years.

In 1988, total world reserves of natural gas were estimated at more than 107tcm. World production of natural gas currently stands at roughly 2tcm a year; Latin America produces 90bn cubic metres annually, of which Venezuela's share is 38bn.

One of PDVSA's more ambitious projects is its $3bn joint venture with Royal-Dutch Shell (UK), Exxon (US) and Mitsubishi (Japan) to produce and export natural gas.

It is the first time international oil companies have been involved as partners in an oil or gas project with Venezuela since it nationalised all its foreign oil operations in 1975.

Lagoven, an operating subsidiary of PDVSA, will be the Venezuelan partner in the deal, with 32 per cent of the equity; Shell will have 31 per cent, Exxon 29 per cent and Mitsubishi 8 per cent.

Exxon's and Shell's activities in Venezuela were among those nationalised; the new joint venture plan is thus a significant indication of renewed political as well as economic confidence in the stability of the current reform programme.

The new joint venture, known as the Cristo'bal Colo'n (Christopher Columbus) project, will develop previously unexploited underwater gas reserves off the north-east coast of Venezuela. A 50km pipeline is to be built, along with a gas liquefaction plant, which will enable liquefied natural gas (lng) to be exported from 1996. Construction work is due to start next year.

Some 4.4m tonnes a year, worth an estimated $500m at current prices, are expected to be exported to the US from the new fields. As part of the project, some 55 offshore development wells are to be drilled and eight platforms erected.

PDVSA is currently producing 111m cm of natural gas daily, virtually all of which is associated gas tapped during oil production.

Some 8 per cent is used in PDVSA operations; 36m cm are re-injected back into fields (to maintain pressure in fields which in many cases are 40 or 50 years old); but 66m cm are used by the petrochemical sector, the domestic and local industrial markets and related petroleum industry operations.

As part of the development of this sector PDVSA plans to add compression plants with a total of 765,000 bhp capacity to handle 131m cm daily of gas. It also intends constructing seven new plants for processing gas liquids and laying 1,022km of trunk gas pipelines before 1996. A new 400km propane pipeline is due to connect the eastern city of Jose with the central city of Valencia.

**As part of the Christobal Colon venture, 55 offshore wells will be drilled and eight production platforms and a 50 km pipeline built**

Extraction of gas liquids now runs at 117,000 barrels per day (b/d), and is set to rise to 230,000 b/d by 1996. Some 23,400 b/d are exported, 39,000 b/d are used locally and the remainder is processed in PDVSA refineries.

A further large-scale gas project involves both Venezuela and Colombia; 1993 is the target date by which the first natural gas pipeline linking the two countries is due to be completed. The 510km line, with an estimated cost of $500m, will supply Colombia with between 60m-200m cubic feet per day, depending on how much Colombia's own gas fields manage to supply. Construction of the pipeline is expected to start early 1992.

Venezuela's energy needs are calculated by PDVSA to grow to the oil equivalent of 1.02bn b/d per day by 1995; natural gas will supply 3 per cent of that requirement, consumption of gas growing from 32m cm in 1989 to 55m cubic metres daily by 1995. Demand for lng is anticipated to grow from 1989's level of 40,000 b/d to 125,000 b/d in 1995.

While PDVSA believes that Venezuela's reserves are ample to satisfy such growth, it is using all its political leverage to ensure a wide-ranging investment programme gets full government backing. PDVSA plans to invest particularly in production and transportation facilities, aiming to provide Venezuelan industry with more gas as a substitute for liquid fuels and to meet increasing demand for ethane and propane as a result of expansion in petrochemical capacity.

# LONDON STOCK EXCHANGE

# Shares ease after uncertain session

By Terry Byland, UK Stock Market Editor

FUND MANAGERS were beginning to trim down trading operations yesterday in preparation for today's rounding off of share positions ahead of the end of the third quarter of the trading year. An early move by the market above the FT-SE 2,600 mark proved unsupported and by the close the Footsie was nearly five points below this important benchmark.

Trading volume, as reported on the Seaq electronic network, remained high but traders said the market could make no headway and that business had been selective.

The market's trend was largely driven by internal factors, ranging from early support for the FT-SE futures to conflicting hints of the outcome of a poll of political opinion, to be published today in a UK newspaper.

| Account Dealing Dates | | |
|---|---|---|
| *First Dealings: Sep 16 | Sep 30 | Oct 14 |
| Option Declarations: Sep 26 | Oct 10 | Oct 24 |
| Last Dealings: Sep 27 | Oct 11 | Oct 25 |
| Account Day: Oct 7 | Oct 21 | Nov 4 |

*New-time dealings may take place from 8.30 am two business days earlier.

Speculative influences remained important, with Hillsdown, Britain's second largest food company, hitting the market early with a rights issue call for £280m. However, Barratt Developments, the UK housebuilder also in the frame as a potential fund-raiser, left the market untapped after confirming that it has suffered a severe loss.

Shares in Asda, the troubled food supermarket group which is also marked down for a possible rights issue, backed off after Tengelmann, the German food retailer, firmly rejected suggestions in London that it might be interested in the UK company.

Shares opened lower after Wall Street's overnight drift downwards but were quickly helped by completion of a trading programme opened on the previous evening by a leading UK securities house.

The FT-SE Index touched 2,608.9 at best but was then steadily trimmed back as genuine investment support melted away. The final reading put the Footsie at 2,595.6, for a net loss on the day of 2.2.

Seaq volume totalled 513.4m shares, against 596.2m on Wednesday. Traders believed that the institutions had made an appearance in the market but on a somewhat selective base as they tidied positions ahead of tonight's effective close to the third quarter of the year.

The third quarter has seen gains of around 3.8 per cent in UK equities and, with the progress of recovery from the UK recession still in question, fund managers are in no hurry to disturb their current portfolio balances. Tonight also brings the end of the two week equity trading account.

With both Wall Street and the sterling exchange rate index turning easier as London closed for the day, the final mood in equities was somewhat mixed. The blue chip internationals were easier, although oil shares improved against the trend both in London and New York.

Among the domestically-orientated consumer stocks, share movements were irregular as the institutions backed away from some of the more speculative movements of recent sessions. Allied-Lyons remained firm and Bass also moved up smartly in thinnish business.

But Guinness, which has performed strongly over the past month, gave up a few pence yesterday and Kingfisher, the high street retailer, also lacked support at the close of business while GUS, a volatile stock, turned down. Vodafone, the newly-formed cellular telephone group which has risen sharply following developments in the US industry, lost ground yesterday.

## FINANCIAL TIMES STOCK INDICES

| | Sept 26 | Sept 25 | Sept 24 | Sept 23 | Sept 20 | Year Ago | 1991 High | 1991 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 87.32 | 87.36 | 87.52 | 87.52 | 87.72 | 77.98 | 87.94 (18/9) | 82.17 (2/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 97.00 | 97.06 | 97.13 | 96.92 | 96.79 | 86.67 | 97.13 (24/9) | 90.69 (2/1) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary Share● | 2025.2 | 2028.9 | 2009.4 | 2018.6 | 2035.8 | 1549.1 | 2106.3 (2/9) | 1608.3 (15/1) | 2106.3 (2/9/91) | 49.4 (26/6/40) |
| Gold Mines | 163.1 | 163.7 | 161.3 | 159.1 | 159.2 | 190.1 | 222.8 (11/7) | 127.0 (22/2) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| FT-SE 100 Share | 2595.6 | 2597.8 | 2578.6 | 2579.5 | 2600.3 | 2009.1 | 2678.6 (2/9) | 2054.8 (16/1) | 2679.6 (2/9/91) | 986.9 (23/7/84) |
| FT-SE Eurotrack 200 | 1169.39 | 1171.06 | 1168.56 | 1169.86 | 1174.90 | - | 1196.60 (3/9) | 936.62 (16/1) | 1196.60 (3/9/91) | 936.62 (16/1/91) |
| ●Ord. Div. Yield | 4.69 | 4.68 | 4.71 | 4.69 | 4.66 | 6.15 | | | | |
| ●Earning Yld % (full) | 7.52 | 7.50 | 7.54 | 7.53 | 7.47 | 12.89 | | | | |
| ●P/E Ratio (net)(*) | 16.59 | 16.63 | 16.53 | 16.59 | 16.70 | 9.40 | | | | |
| SEAQ Bargains 4.40pm | 29,428 | 28,695 | 27,314 | 27,812 | 30,906 | 18,129 | | | | |
| Equity Turnover (£m)† | - | 1172.02 | 813.84 | 783.89 | 1,357.86 | 765.52 | | | | |
| Equity Bargains† | - | 28,253 | 26,915 | 28,886 | 31,240 | 17,288 | | | | |
| Shares Traded (ml)† | - | 512.5 | 422.4 | 346.1 | 526.8 | 376.7 | | | | |

Ordinary Share Index, Hourly changes — Day's High 2036.3 — Day's Low 2025.2

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 2028.0 | 2032.0 | 2034.9 | 2032.2 | 2033.4 | 2032.2 | 2030.9 | 2026.8 | 2027.3 |

FT-SE 100, Hourly changes — Day's High 2608.9 — Day's Low 2595.6

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 2597.0 | 2603.1 | 2608.3 | 2606.7 | 2605.7 | 2605.0 | 2602.3 | 2597.2 | 2597.0 |

FT-SE Eurotrack 200, Hourly changes — Day's High 1174.75 — Day's Low 1165.10

| Open | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm |
|---|---|---|---|---|---|---|
| 1172.88 | 1172.82 | 1173.48 | 1172.89 | 1172.41 | 1169.78 | 1169.86 |

### GILT EDGED ACTIVITY

| Indices | Sept 25 | Sept 24 |
|---|---|---|
| Gilt Edged Bargains | 90.4 | 79.6 |
| 5-Day average | 79.9 | 77.9 |

*SE Activity 1974. †Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

# Hillsdown rights surprise

FOOD, furniture and housebuilding group Hillsdown dropped 11 per cent yesterday after the company surprised the market with a one-for-four £280m rights issue.

The shares finished 29½ lower at 227½p, compared with the rights price of 210p, as 8m changed hands amid suggestions that some of the institutional holders had questioned the timing of the fund-raising exercise.

There were also suggestions that placing of the new rights shares had not proceeded smoothly, with some of the larger holders said to be taking the opportunity to reduce their holdings.

Hillsdown said the additional cash would be used to reduce debts and allow it to make acquisitions. However, there were widespread suggestions that it might also use the funds to boost its existing businesses. "We are not talking about black holes, but it might be hoping to paper over a few cracks," an analyst commented.

## Nerves over Fisons

Fisons fell in nervous trading as two bearish stories circulated. First, a US drug industry publication said there would be a new competitor for the company's iron supplement product. Fisons argued that it would still dominate this market. Analysts said that although the market was small, margins were high.

Second, a UK journal published an estimate for sales this year of the company's new asthma drug Tilade. The figure was below Fisons' £30m, but that estimate was reconfirmed by the company last night.

Fisons partly recovered from an early fall of 11. It ended at 453p for a net decline of 5 following busy trade. Analysts said the episode showed the market's mistrust of the stock in the wake of disappointing interim results last week.

## BP hopes

British Petroleum stood out in a firm oil sector after a presentation by the company to analysts in London. Suggestions that BP and Kuwait were holding talks which could lead to BP taking a lead role in rebuilding Kuwait's oil industry also drove the share price higher. BP closed 6 ahead at 336p, after 337½p. Turnover came to 8.3m shares.

Mr Keith Morris, oil analyst at Carr Kitcat & Aitken and a bull of BP, was impressed by the presentation: "The company has a clear focus on the total return to shareholders, via dividend return and capital appreciation. It was interesting to note that the directors' remuneration is being geared to total return to shareholders." BP adopted a bullish tone on oil price, looking for a figure of around $25 a barrel by 1995, and was said to have again ruled out a rights issue.

The market was quick to absorb the opportunities offered by a joint venture between BP and Kuwait. Another oil specialist said it could be a golden opportunity for BP to build on the special relationship that already exists between the two via Kuwait's 9.9 per cent shareholding in the company.

RTZ continued to rise with the copper price, which has, in turn, been boosted by unrest in Zaire. The shares climbed 11 to 557p, making a three-day gain of 20.

A dispute within the medical profession over the safety of the beta agonist class of asthma treatments continued to undermine Glaxo. The shares slipped for the fourth session in a row to end at 1336p, down 15 on the day.

A Far Eastern buyer of Rothmans in early trading exacerbated the shortage of stock that has been driving the price higher since an analysts' recommendation on Monday. The shares climbed 29 to 1150p, their second new high in successive days.

Overnight buying of Reuters in New York pushed the stock 29 ahead at one stage. The shares later eased with the rest of the market to finish a net 17 up at 970p.

Turnover in Shell, 5.4m shares, lagged behind that of BP, but the share price turned in an equally strong performance, closing 6 ahead at 500p. UK broking houses Hoare Govett and Smith New Court gave a big push to Shell, which also saw keen interest from US broking houses.

Hoare Govett's oil team described Shell as notably cheap on three counts; against BP; against Royal Dutch, which has responded to aggressive US buying; and against the market.

Smith New Court is keen on both the UK oil majors but has a preference for Shell. Merrill Lynch, the US brokerage, was said to have labelled Shell its "stock of the decade".

British Gas, which on Wednesday moved to a record 280p, ran into profit-taking and switching into BP and Shell. James Capel was said to have initiated much of the switching. Gas settled 1½ easier at 278½p.

S.G. Warburg moved up 8 to 549p after being chased higher by Smith New Court. Composite insurance stocks suffered from persistent selling across the board. General Accident, down 11 at 533p, and Royals, 10 weaker at 364p, were the worst affected.

National Power dipped 3½ to 66¼p and PowerGen 3 to 176p. The regional electricity companies, however, made renewed strong progress with dealers reporting more heavy demand from County NatWest, recent bulls of the sector. Seeboard moved ahead 4 to 219p. Switching between the Footsie and non-Footsie stocks accounted for much of the trading in the water issues.

British Aerospace edged up 3 to 428p in an expected response to Wednesday evening's resignation of Professor Sir Roland Smith, the chairman.

Eurocamp jumped 31 to 294p after the company was named as the tour operator for Euro Disneyland's campground. The Euro Disney park is scheduled to open in April 1992.

USM-quoted Regal Hotel was marked 2 lower to 4¼p after the company appointed an administrative receiver at a subsidiary, Beacons Hotel.

A warning from the chairman of Dixons, the consumer electronics retailer, that interim profits would be below last year's left the shares 5 off at 247p. Turnover of 5.7m was the second highest this month.

Full-year figures, a dividend rise and a confident statement from Frogmore Estates encouraged steady buying of the stock. The price forged ahead 18 to 337p.

Property company Dwyer dropped a further 8 to 100p – making a three-day fall of 35 – in the wake of a dividend warning earlier in the week.

Vickers' first-half results were worse than the market had feared, with the group revealing a £4.3m loss for the period. The most pessimistic figure pencilled in beforehand was that the group would break even. The interim dividend was held but the final is now seen to be at risk. The shares retreated 20 to 169p with a hefty 7.2m shares traded.

BTR firmed 6 to 414p as investors reviewed the conglomerate's bid for Hawker Siddeley (up 2 at 752p).

USM-quoted Bilston & Battersea fell 6 to 60p after announcing a first-half loss of £52,000 against a profit of £222,000 at the same time last year. The manufacturer of hand-painted enamelware, also cancelled its interim dividend.

A boost in half-time profits and an optimistic statement from the chairman prompted USM stock Hampden Homecare, the home improvement store operator, to advance 8 to 31p.

Chemicals distributor Ellis & Everard declined 5 to 209p after the chairman warned that profits were likely to show a "modest decline on the back of a flat performance from our mainstream chemicals businesses".

Yule Catto, the plantations, chemicals and building products company, picked up 9 to 194p after announcing firm first-half profits and a raised dividend.

Allied Textiles, one of the second liners to miss out on the textile sector's recent recovery, improved 7 to 426p.

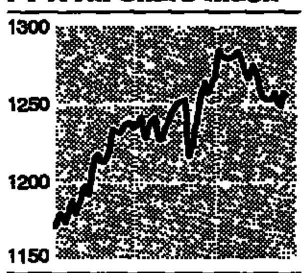
Pittard Garnar was 3 firmer at 97p. Recent healthy interim results heralded a strong recovery for the leather company and County NatWest has it on its buy list.

United Newspapers bounced after recent weakness as interim profits at the top of the range of estimates were accompanied by a confident statement. The shares appreciated 14 to 398p.

**MARKET REPORTERS:** Daniel Green, Peter John, Jim McCallum, Steve Thompson.

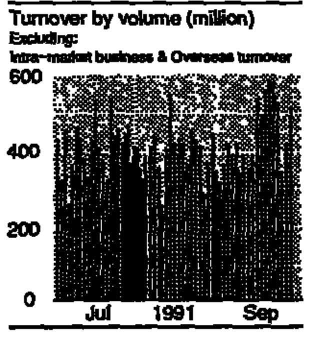
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 24.

### FT-A All-Share Index



### Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



## NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (115). BRITISH FUNDS (5) Tr 3pc 1992, Fd 6pc 1993, Tr 2pc I-L 1992, Tr 2pc I-L 1994, Tr 2pc I-L 1996, AMERICANS (3) Data Gen., Merrill Lynch, Whirlpool, CANADIANS (1) BC Gas, BANKS (4) Schroders, Do. N/V, Warburg (S.G.), Do. 6pc Pf., BREWERS (1) [illegible] Vickers, Bemrose, PROPERTY (1) Prop. Sec. Inv., SHOES (1) Pittard Garnar, TEXTILES (4) Allied Textile, Haggas (John), Lyles (S), Yorklyde, TOBACCOS (1) Rothmans B, TRANSPORT (2) Air London, Tiphook, TRUSTS (24) Aberforth Split Level Cap., Do. Units, [illegible]

## TRADING VOLUME IN MAJOR STOCKS

[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

## EQUITY FUTURES AND OPTIONS TRADING

TECHNICAL business dominated the Liffe as dealers sought to close out their positions ahead of expiry of the September Footsie future contract, writes Peter John.

The September future remained expensive to the underlying cash market, closing at a premium of 12 against an estimated fair value of 6. More significantly, however, the spread between September and December widened sharply to 55 points. This enabled the arbitrageurs who have been short on September to buy it back and sell the December. One trader said this was likely to ease some of the concern over the large number of positions that could remain open on expiry.

At the official close, the September was at 2,607, one point off on the day, with 5,935 lots dealt. The December closed at 2,663, a premium of 56 to September, against the estimated fair value spread of around 45, with 4,747 lots traded.

In the LTOM, turnover of 27,069 lots was once again enlivened by bid speculation surrounding Asda. One broker sold 1,000 October 60 straddles (a combination of calls and puts) at 13p. A further 1,000 straddles were dealt in the British Steel January 130 series and Abbey National saw 1,000 Dec 300 calls sold at 17p.

## LONDON SHARE SERVICE

BRITISH FUNDS — BRITISH FUNDS – Contd — INT. BANK AND O'SEAS — CORPORATION LOANS — COMMONWEALTH & AFRICAN LOANS — LOANS — Building Societies — Public Board and Ind. — FOREIGN BONDS & RAILS

"Shorts" (Lives up to Five Years) — Five to Fifteen Years — Over Fifteen Years — Undated — Index-Linked

[illegible]

Continued on next page

# APPOINTMENTS

## Changes in Norweb senior posts

NORWEB, one of the UK's regional electricity companies, announced that managing director Mr Alfred Crowder has decided to retire on March 31 next year, after 45 years in the electricity supply industry. The board has approved the following changes to take effect from the beginning of April:

Chairman Mr Ken Harvey (pictured) will also become chief executive, while the position of managing director will not be filled.

Mr Alan Cockshaw, executive chairman of AMEC, who has been a non-executive director of Norweb since February last year, will assume the post of non-executive deputy chairman of Norweb.

■ At UNITED NEWSPAPERS, Mr Graham Wilson, previously finance director, has taken on the role of managing director.

Mr Nigel Donaldson, responsible for US advertising periodicals, and Mr Marshall Freeman, in charge of US magazines and exhibitions, have been appointed to the main board.

■ Mr Andrew Large has been appointed as a non-executive director of ECC GROUP from October 1. His other activities include appointments in the City as well as non-executive directorships of Ranks Hovis McDougall and Nuclear Electric.

■ T & N, the international automotive and engineering group, has named Mr Dennis Raywood as chief executive, engineered metallurgical products.

Mr Raywood was managing director of AE Turbine Components, T & N's Leeds-based subsidiary. Assuming this post is Mr Philip Worsley, who was operations director of the company's Leicester facility.

■ Mr Donald L. Carcieri and Mr Roberto Grosso have been made executive directors of COOKSON, the £1bn-plus international specialist industrial materials group. Mr Carcieri will remain president of Cookson America and Mr Grosso president of Cookson's Brussels-based Vesuvius Group.

Mr Malcolm Batey, an executive director of the company and chief executive of Cookson Ceramics & Plastics division, will be retiring at the end of October after 37 years with the group.

The Ceramics & Plastics division will be amalgamated with the Metals & Chemicals unit to form a Ceramics & Metals division. Mr Brian Brooker-Carey, chief executive of the Metals & Chemicals division since 1984, will become chief executive of the new division.

■ NISSAN MOTOR MANUFACTURING (UK) has appointed production director Mr John Cushnaghan to the board. He will be one of four executive directors on the seven-member board.

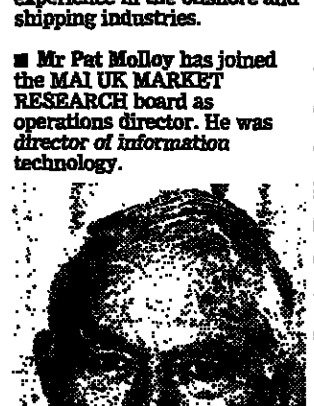
■ MERCURY FUND MANAGERS has appointed Mr Michel Legros as manager of Mercury European Growth Fund and Mercury European Income Fund.

Mr Legros was a senior investment manager at Fleming International Investment, responsible for the management of a number of European funds and also the European investments of a wide range of international portfolios.

■ Mr Michael Barraclough has been appointed managing director of VICTORIA OILFIELD DEVELOPMENT, established in the UK to represent international clients in the provision of marine support services to the offshore industry. It is a subsidiary of Papachristidis Ltd.

Mr Barraclough previously worked for the P & O Group, where he gained many years' experience in the offshore and shipping industries.

■ Mr Pat Molloy has joined the MAI UK MARKET RESEARCH board as operations director. He was director of information technology.



■ Sir Ian MacGregor (pictured), former chairman of British Steel (1980-83) and British Coal (1983-86), has been appointed non-executive chairman of HOLMES PROTECTION GROUP INC, the US security and alarms group which is fully listed on the London Stock Exchange.

Mr Eric Kohn becomes executive vice-chairman and chief executive and Mr Keith Anderson chief financial officer.

# LONDON SHARE SERVICE



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## AMERICANS

| 1991 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 33¼ | 20⅞ | Abbott Laboratories | 38⅛ | +⅛ | $1.00 | – | 2.9 |
| 385p | 252p | Allegheny & W 1c | 252p | –7 | 30c | – | 7.0 |
| 10½ | 667p | Amdahl 5c | 750p | –5 | 10c | – | 0.8 |
| 42⅝ | 25⅞ | Amer. Cyanamid $5 | 37⅞ | –⅛ | $1.50 | – | 2.4 |
| 17⅞ | 9⅞ | Amer. Express 60c | 14 | –⅛ | 92c | – | 3.7 |
| 24½ | 15¼ | American T. & T. $1 | 21⅞ | –⅛ | $1.32 | – | 3.6 |
| 38⅞ | 32½ | Ameritech $1 | 35 | | $3.40 | – | 5.7 |
| 28 | 12⅞ | BankAmerica $1⅝ | 23 | | $1.20 | – | 3.0 |
| 35½ | 20⅞ | Bankers N Y $1 | 34 | | $1.52 | – | 8.4 |
| 30½ | 24¼ | Bell Atlantic $1 | 26 | –½ | $2.52 | – | 5.7 |
| 31¼ | 25 | BellSouth Corp | 28½ | | $2.76 | – | 5.7 |
| 17¼ | 6⅝ | Bethlehem Steel $8 | 9 | | 40c | – | 2.4 |
| 1839p | 1046p | Bowater Inc | 1486p | +18 | $1.20 | – | 5.0 |
| 54⅞ | 37⅞ | CPC Intnl. 25c | 50 | | $2.00 | – | 2.3 |
| 930p | 420p | California Engy | 858p | +2 | – | – | – |
| 50 | 28¼ | Campbell Soup 15c | 43 | | $1.16 | – | 2.6 |
| 12¼ | 5⅞ | Chase Manhattan $12½ | 10 | | $1.20 | – | 6.6 |
| 9⅞ | 5⅞ | Chrysler $6¼ | [illegible] | | 60c | – | 5.9 |
| 10⅞ | 5⅞ | Citicorp $1 | 8 | | $1.00 | – | 7.3 |
| 28 | 21⅞ | Colgate-Palmolive $1 | 24 | | $1.06 | – | 2.6 |
| 928p | 938p | Cont'l Bank Corp $4 | 656p | +2 | 60c | – | 5.4 |
| 21⅞ | 13⅞ | Dana Corp. $1 | 17 | | $1.60 | – | 5.3 |
| 1247p | 203p | Data General | 1247p | +60 | – | – | – |
| 22½ | 12⅞ | Dial Corp. $1.5 | 21 | | | | |
| 29⅞ | 20⅞ | Dun & Bradstreet $1 | 27 | –¼ | $1.40 | – | 3.9 |
| 40 | 24¼ | Eaton Corpn. 50c | 36¼ | | $2.16 | – | 4.7 |
| 8½ | 5⅞ | Echlin Inc | 7 | | $2.20 | – | |
| 20¼ | 14⅞ | FPL Group 1c | 29 | +¼ | 70c | – | 5.9 |
| 30⅞ | 17⅞ | Fluor Corp 62½pc | 24 | | $2.40 | – | 7.5 |
| 23¼ | 13⅞ | Ford Motor $1 | 16 | | 32c | – | 0.8 |
| 46⅞ | 28⅞ | Gen. Elect. 63c | 39 | | $1.68 | – | 3.5 |
| 566p | 270p | General Hos Corp $1 | 497p | –7 | $2.04 | – | 3.0 |
| 45¼ | 20⅞ | Gillette $1 | [illegible] | | | | |

## CANADIANS

## BANKS, HP & LEASING

### Hire Purchase, Leasing, etc.

## BEERS, WINES & SPIRITS

## BUILDING, TIMBER, ROADS

## BUILDING, TIMBER, ROADS – Contd

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## DRAPERY AND STORES – Contd

## ELECTRICALS

## ELECTRICITY

## ENGINEERING

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS (Miscel.) – Contd

## INDUSTRIALS (Miscel.) – Contd

## INSURANCES

## LEISURE

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## LEISURE—Contd

[illegible]

## MOTORS, AIRCRAFT TRADES

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING, ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Contd

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRANSPORT

[illegible]

## INVESTMENT TRUSTS

[illegible]

## INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie as a guide only.

## FINANCE, LAND, ETC

[illegible]

## FINANCE, LAND, ETC—Contd

[illegible]

## WATER

[illegible]

## OIL AND GAS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]

### Finance

[illegible]

## MINES—Contd

### Australians

[illegible]

### Tins

[illegible]

### Miscellaneous

[illegible]

## NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; *bracketed figures indicate 10 per cent or more difference if* calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ✦ Merger bid or reorganisation in progress
- ✦ Not comparable
- ♠ Same interim; reduced *final and/or* reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other [illegible]

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

### IRISH

[illegible]

## TRADITIONAL OPTIONS

3-month call rates

### Industrials

[illegible]

### Property

[illegible]

### Oils

[illegible]

### Mines

[illegible]

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

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## AUTHORISED UNIT TRUSTS

[illegible]

### MGM Unit Managers Ltd (1000)F
MGM House, Heene Rd, Worthing
Dealing 0277 261010 Enq. 0903 204631

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| High Income | 5 | 266.9 | 270.0 | 287.2 | +2.0 | 6.00 |
| (Accum Units) | 5 | 419.7 | 424.6 | 451.7 | +3.1 | 6.00 |
| UK Growth | 5 | 313.6 | 317.4 | 337.6 | +0.9 | 4.10 |
| (Accum Units) | 5 | 371.2 | 375.7 | 399.6 | +1.1 | 4.10 |
| Int. Equity Gth ♦ | 5 | 50.83 | 50.99 | 54.24 | +0.12 | 1.30 |
| Intl Bond | 5 | 52.58 | 52.58 | 55.23 | +0.02 | 6.75 |
| Special Sits Gwth | 5 | 17.13 | 17.95xd | 19.09 | +0.04 | 3.50 |
| North American Gwth | 5 | 68.93 | 69.14xd | 73.55 | -0.14 | 1.09 |
| European Growth ♦ | 6 | 49.38 | 49.63 | 52.79 | -0.03 | 1.39 |

### MW Investment Managers Ltd (0659)F
46 Court St, Haddington, E. Lothian 062 082 5867

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| MW Joint Investors | 0 | 1056.2 | 1056.2 | 1035.8 | | 4.35 |

### Maiden Unit Trust Managers Ltd (1400)F
15 St Botolph St, London EC3A 7EE 031 226 6066

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Maiden General | 0 | 119.9 | 119.9 | 123.1 | | 4.72 |

### Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealings 071-256 5858

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Growth Units | 5¼ | 137.3 | 137.3xd | 146.1 | +0.8 | 4.07 |
| Gilt & Fxd Int | 5 | 151.1 | 151.1xd | 159.0 | | 7.96 |
| Intl Growth | 5¼ | 148.3 | 148.3 | 157.8 | +0.9 | 0.45 |
| North American ♥ | 5¼ | 98.42 | 98.42 | 104.7 | | 0.33 |
| Far East | 5¼ | 117.7 | 117.7 | 125.2 | +1.6 | 0.91 |
| UK Smaller Cos | 5¼ | 108.6 | 108.6 | 115.5 | +0.5 | 2.75 |
| European | 5¼ | 53.31 | 53.31 | 56.85 | -0.12 | 1.16 |
| Japanese Growth | 5¼ | 37.80 | 37.80 | 40.46 | +0.57 | 0.00 |
| Managed P'folio | 5¼ | 50.08 | 50.43 | 53.65 | -0.16 | 1.54 |
| High Income | 5¼ | 151.2 | 153.1xd | 162.9 | +1.1 | 5.73 |
| High Yielding Gilt | 5¼ | 61.64 | 61.64 | 64.88 | | 9.61 |
| Cash | | 51.97 | 51.97 | 51.97 | +0.01 | 9.03 |

### Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers: 071-826 0826 Enquiries 071-826 0123

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| American Gwth | 5¼ | 168.1 | 168.1 | 179.4 | +2.7 | 0.80 |
| European Gth Inc | 5¼ | 200.7 | 200.7 | 214.2 | +0.5 | 0.00 |
| European Gth Acc | 5¼ | 200.7 | 200.7 | 214.2 | +0.5 | 0.00 |
| Intl Gwth | 5¼ | 144.2 | 144.2 | 153.5 | +0.7 | 0.00 |
| UK Equity Inc | 5¼ | 121.7 | 121.7 | 130.7 | +0.8 | 6.18 |
| UK Equity Acc | 5¼ | 137.1 | 137.1 | 147.2 | +0.9 | 6.18 |
| UK Ind Tracker Inc | 5 | 125.5 | 125.5xd | 134.0 | +1.0 | 3.67 |
| UK Ind Tracker Acc | 5 | 136.5 | 136.5xd | 145.7 | +1.1 | 3.67 |
| US Eq Ind Tracker Inc | 5 | 141.4 | 141.4xd | 151.7 | +0.1 | 2.97 |
| US Eq Ind Tracker Acc | 5 | 146.8 | 146.8xd | 157.5 | +0.1 | 2.97 |
| Japan Tracker | 5 | 62.43 | 62.43 | 66.21 | +0.47 | 0.00 |
| Asian Tracker | 5¼ | 80.48 | 80.48 | 86.33 | +0.41 | 1.81 |
| Managed Inc | 5¼ | 102.0 | 102.0 | 109.7 | +0.7 | 1.91 |
| Managed Acc | 5¼ | 103.6 | 103.6 | 111.5 | +0.7 | 1.91 |
| Cash Inc | 0 | 100.39 | 100.39xd | 100.39 | +0.02 | 10.60 |
| Cash Acc | 0 | 110.93 | 110.93xd | 110.93 | +0.03 | 10.60 |
| Europa | 5¼ | 104.5 | 104.5xd | 111.8 | -0.1 | 0.00 |

For Geoffrey Morley see Commercial Union

## Guide to pricing of Authorised Unit Trusts
Compiled with the assistance of Lautro §§

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. *However, the bid price might be moved to the cancellation price by the managers at any time*, usually in circumstances in which there is a large excess of sellers of units over buyers.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

**HISTORIC PRICING:** The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

**FORWARD PRICING:** The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

### Sovereign Unit Tst Mngrs Ltd (2000)F
12 Christchurch Rd, Bournemouth 0202 298422

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Cash | 1 | 51.18 | 51.18 | 51.69 | +0.02 | 10.6 |
| Cnrtbl Preference | 5½ | 48.74 | 48.99xd | 52.26 | | 9.38 |
| Ethical | 5½ | 50.36 | 51.41xd | 54.69 | +0.16 | 4.59 |
| European Growth | 5½ | 46.88 | 46.88 | 50.00 | | 3.5 |
| Income | 5½ | 49.18 | 49.66 | 52.97 | +0.29 | 7.42 |
| Intl Growth | 5½ | 64.10 | 64.59 | 68.90 | | 3.29 |
| Managed | 5½ | 59.12 | 59.80 | 63.79 | +0.21 | 4.39 |
| UK Growth | 5½ | 52.53 | 53.17xd | 56.71 | +0.31 | 5.38 |

### Standard Chartered Equitor UT Mngrs Ltd (1200)F
69 Old Broad Street, EC2M 1QS 071-280 6521

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Mngd Exempt Acc | 3 | 198.1 | 200.3 | 208.6 | +0.6 | 2.95 |
| Do Income | 3 | 189.1 | 191.2 | 199.1 | +0.6 | 2.95 |

### Standard Life Tst Mgmt Ltd (0629)H
3 George St, Edinburgh EH2 2XZ 0800 393777

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Managed Acc | 5½ | 36.39 | 36.39 | 38.67 | +0.2 | 2.29 |
| UK Equity Gth Acc | 5½ | 49.53 | 49.44 | 52.53 | +0.2 | 1.97 |
| UK Eq High Inc Inc | 5½ | 35.30 | 36.07 | 38.33 | +0.2 | 5.13 |
| UK Eq High Inc Acc | 5½ | 38.63 | 39.49 | 41.96 | +0.2 | 5.13 |
| UK Equity Gen Acc | 5½ | 47.14 | 47.91 | 50.91 | +0.3 | 2.99 |
| UK Equity Gen Inc | 5½ | 37.48 | 38.09 | 40.48 | +0.2 | 2.99 |
| UK Larger Cos Acc F | 7½ | 307.6 | 311.8 | 338.4 | +2.2 | 4.37 |
| UK Larger Cos Inc F | 7½ | 253.2 | 256.6 | 278.5 | +1.7 | 4.37 |
| Gilt & Fxd Int Inc | 5½ | 28.17 | 28.35 | 29.88 | | 7.66 |
| O'seas Lge Cos Acc F | 7½ | 212.4 | 216.6 | 235.1 | -0.1 | 2.12 |
| Nth American Acc | 5½ | 34.41 | 34.62 | 36.79 | | 0.73 |
| Far East Acc | 5½ | 40.78 | 41.83 | 44.45 | +0.2 | 0.29 |
| European Acc | 5½ | 33.77 | 35.47 | 37.69 | -0.2 | 1.68 |

### Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| American | 5 | 301.0 | 301.0 | 321.6 | +1.0 | 1.31 |
| (Accum Units) | 5 | 352.1 | 352.1 | 376.2 | +1.1 | 1.31 |
| British | 5 | 830.6 | 830.6 | 878.7 | +4.7 | 5.44 |
| (Accum Units) | 5 | 1364.6 | 1364.6 | 1443.7 | +7.8 | 5.44 |
| European | 5 | 329.7 | 329.7 | 351.1 | -0.7 | 1.49 |
| (Accum Units) | 5 | 353.4 | 353.4 | 376.3 | -0.8 | 1.49 |
| Japan | 5 | 116.6 | 116.6 | 123.9 | +0.8 | - |
| (Accum Units) | 5 | 117.5 | 117.5 | 124.8 | +0.8 | - |
| New Pacific | 5 | 165.3 | 165.3 | 175.6 | +0.5 | 1.99 |

### Funds in Court*

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Capital Sep 19 | 909.13 | 912.89 | | 2.39 |
| Gross Sep 19 | 188.71 | 190.23 | | 10.25 |
| High Yield Sep 19 | 298.04 | 300.44xd | | 7.32 |

* Restricted to monies under Court control

### Henderson Unit Trust Management Ltd

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Pensions Mngd. | 54.38 | 55.49 | +0.22 | 3.63 |

### INVESCO MIM Management Ltd
Exempt Funds

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Intl Mngd P'Folio | 1201 | 1295 | | - |
| Mngd Pens (Acc) | 71.1 | 75.8 | | - |

### Lazard Brothers & Co. Ltd

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Property Sept 5 | £2440.0 | 2680.0 | | 6.00 |
| Inc Gth Prp Apr 16 | £1,325.0 | 1,400.0 | | 7.20 |

### Lazard Investors Ltd
Exempt Funds

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Small Co's Sept 26 | £3873.1 | 4048.9 | | 4.02 |
| European Sept 26 | £543.4 | 548.8 | | 2.07 |
| American Sept 26 | £354.4 | 358.1 | | 2.27 |
| Japan Sept 26 | £517.1 | 523.5 | | 1.24 |
| Pacific Sept 26 | £137.0 | 140.5 | | 1.97 |
| W Midlands Aug 30 | £144.50 | 161.30 | | 2.48 |

### Local Authorities Mutual Invest. Tst.*
2 Fore Street, London EC2Y 5AQ 071-588 1815

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Property Aug 31 | 199.20 | 203.20 | | 7.39 |
| Equity Aug 31 | 915.40 | 928.20 | | 3.82 |

* Available only to Local Authorities

### M & G Securities Ltd

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Charibond Sept 25 | 104.07 | | -0.3 | 10.36 |
| (Accum Units) | 598.02 | | -1.3 | 10.36 |
| MAACIF Sept 24 | 43.30 | | | 9.06 |

### Morgan Grenfell Unit Trust Managers Ltd
Exempt Funds

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| UK Equity I Sept 24 | 128.8 | 138.0 | | 3.71 |
| UK Small Co I Sept 24 | 538.9 | 587.8 | | 3.42 |
| Fixed Interest I Sept 24 | 111.2 | 117.0 | | 8.53 |
| US Small Co Sept 24 | 165.9 | 177.4 | | 0.00 |
| Managed Sept 24 | 108.6 | 116.1 | | 3.39 |

### Century Life Plc
2 Eyre Street Hill, London EC1R 5AE 071-278 4488
City Of Edinburgh Life Assurance

Life Funds

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Far East Emerg Econ. | 36.7 | 38.6 | +0.1 | - |
| Fund of Inv Tsts | 61.7 | 64.7 | +0.3 | - |
| Money | 153.9 | 161.5 | +0.1 | - |
| Special Situations | 86.6 | 91.0 | +0.4 | - |
| UK Growth | 131.1 | 137.6 | +0.8 | - |
| World Growth | 117.3 | 123.1 | +0.2 | - |

Pension Funds

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Fund of Inv Tsts | 138.2 | 145.1 | +0.6 | - |
| Special Situations | 128.2 | 134.6 | +0.7 | - |
| UK Growth | 218.8 | 229.7 | +1.2 | - |

### Eagle Star Life Assurance Co Ltd
Bath Road, Cheltenham GL53 7LQ 0242 221 311

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Secure Fund | 151.0 | 159.0 | | - |
| Blue Chip Fund | 186.4 | 196.3 | +0.7 | - |
| Performance Fund | 183.6 | 193.3 | +1.1 | - |
| Adventurous Fund | 165.6 | 174.4 | +0.8 | - |
| Blue Chip Fd (2nd Series) | 117.8 | 124.0 | +0.5 | - |
| Performance Fd (2nd Ser) | 116.4 | 122.6 | +0.7 | - |
| Adventurous Fd (2nd Ser) | 121.7 | 128.2 | +0.6 | - |
| UK Pref & Fixed Int Fd | 112.7 | 118.7 | -0.2 | - |
| UK Equity Fund | 116.1 | 122.3 | +0.1 | - |
| Property Fund | 100.0 | 105.3 | | - |
| Environmental Opps Fd | 113.9 | 119.9 | +0.2 | - |
| European Fund | 104.7 | 110.3 | -0.8 | - |

### Guardian Royal Exchange
Royal Exchange, EC3 071-283 7101
Guardian Assurance

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Property Bonds | 668.1 | 695.9 | | - |
| Choices With-Pfts Lg-tm | 130.0 | 136.8 | | - |
| Choices With-Pfts St-tm | 122.3 | 128.7 | | - |
| Choices Managed | 158.0 | 166.3 | -0.4 | - |
| Choices Equity | 162.0 | 170.5 | -0.5 | - |
| Freedom With Pfts Long-Tm | 106.2 | 111.7 | | - |
| Freedom With Pfts Short-Tm | 105.3 | 110.8 | | - |
| Freedom Managed | 95.9 | 100.9 | -0.1 | - |
| Freedom Equity | 93.9 | 98.8 | -0.4 | 1.69 |

GRE Linked Life Assurance Ltd

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed Initial | 374.3 | 394.0 | -0.6 | - |

### Legal & General – Contd.
Unit Pensions
Kingswood, Surrey, KT20 6TH 0737 370370

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Ex. Bldg Soc. Lnkd. | 157.8 | 166.2 | | - |
| Do. Accum. | 198.9 | 209.4 | | - |
| Exempt Cash Init. | 281.3 | 296.2 | +0.2 | - |
| Do Accum. | 446.7 | 470.3 | +0.3 | - |
| Exempt Eqty Init. | 890.7 | 937.6 | +5.6 | - |
| Do Accum. | 1414.2 | 1488.7 | +8.9 | - |
| Exempt Euro Init. | 160.9 | 169.4 | -0.8 | - |
| Do Accum | 196.5 | 206.9 | -0.8 | - |
| Exempt Far East'n Init. | 211.7 | 222.9 | +2.7 | - |
| Do Accum. | 258.5 | 272.2 | +3.4 | - |
| Exempt Fixed Init. | 437.4 | 460.5 | -0.3 | - |

### Manulife Group – Contd.
Pension Fund Prices

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed Init. | | 330.5 | | - |
| Do Accum. | | 488.8 | | - |
| Property Init. | | 315.9 | | - |
| Do. Accum. | | 468.2 | | - |
| Equity Init. | | 411.8 | | - |
| Do. Accum. | | 610.2 | | - |
| Gilt-Edged Init. | | 269.8 | | - |
| Do. Accum. | | 407.7 | | - |
| Guaranteed Init. | | 208.1 | | - |
| Do. Accum. | | 311.3 | | - |
| International Init. | | 398.7 | | - |
| Do. Accum. | | 603.3 | | - |

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### INSURANCES

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### OTHER UK UNIT TRUSTS

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Continued on next page

# FT MANAGED FUNDS SERVICE

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| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **N & P Life Assurance Ltd** | | | | |
| 6-7 Bedford Row, London, WC1R 4UJ 071-430 2348 | | | | |
| Life Managed Fd | 109.1 | 114.8 | --- | - |
| Pension Managed Fd | 108.8 | 114.5 | --- | - |
| Life Deposit Fd | 109.6 | 115.4 | --- | - |
| Pension Deposit Fd | 115.8 | 121.9 | --- | - |

For National Fin see Target Life

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **National Mutual Life** | | | | |
| The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422 | | | | |
| Harvester Pension Funds | | | | |
| Managed | 167.5 | 176.4 | --- | - |
| UK Equity | 179.6 | 189.1 | --- | - |
| Overseas Equity | 132.2 | 139.2 | --- | - |
| Fixed Interest | 152.0 | 160.0 | --- | - |
| Property | 136.4 | 143.6 | --- | - |
| Index Linked | 150.8 | 158.8 | --- | - |
| Deposit | 161.6 | 170.2 | --- | - |
| With Profits (8) | 132.3 | 139.3 | --- | - |

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **National Provident Institution** | | | | |
| 48 Gracechurch St, London EC3P 3HH 071-623 4200 | | | | |
| Managed | 360.7 | 379.7 | +1.3 | - |
| UK Equity | 459.7 | 483.9 | +2.8 | - |
| Overseas Eq | 346.4 | 364.7 | -0.4 | - |
| American | 287.5 | 302.7 | +0.3 | - |
| Far East | 372.1 | 391.7 | +2.9 | - |
| Property | 194.6 | 204.9 | -0.1 | - |
| Fixed Int | 269.5 | 283.7 | +0.2 | - |
| Indexed Gilt | 160.1 | 168.6 | --- | - |
| Deposit | 185.8 | 195.6 | --- | - |
| With Profit | 103.2 | 108.7 | --- | - |
| Pension Fund (Accum Units) | | | | |
| Managed | 517.8 | 545.1 | +1.8 | - |
| UK Equity | 619.5 | 652.2 | +3.3 | - |
| Overseas Eq | 580.0 | 610.6 | +1.0 | - |
| Americas | 364.6 | 383.8 | -0.2 | - |
| Far East | 609.1 | 641.2 | +4.5 | - |
| Property | 247.5 | 260.6 | --- | - |
| Fixed Int | 335.6 | 353.3 | +0.1 | - |
| Indexed Gilt | 175.0 | 184.3 | --- | - |
| Deposit | 262.3 | 276.2 | +0.1 | - |
| NPI Pensions Management Ltd | | | | |
| Managed Fund | 1138.4 | 1198.7 | --- | - |

Prices September 2 Next dealing October 1

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Norwich Union Asset Management Ltd** | | | | |
| PO Box 140, Norwich NR3 1PP 0603 622200 | | | | |
| NUAM Funds | | | | |
| Managed Fund | 73.8 | 77.7 | +0.3 | - |
| Stock Market Mngd Fund | 72.6 | 76.4 | +0.3 | - |
| Equity Fund | 82.1 | 86.4 | +0.5 | - |
| International Fund | 63.8 | 67.2 | +0.2 | - |
| European Fund | 65.1 | 68.5 | -0.3 | - |
| North American Fund | 72.3 | 76.1 | +0.2 | - |
| Pacific Fund | 67.5 | 71.0 | +0.3 | - |
| Property Fund | 80.0 | 84.2 | --- | - |
| Fixed Interest Fund | 61.6 | 64.8 | --- | - |
| Index linked Sec Fund | 63.1 | 66.4 | --- | - |
| Deposit Fund | 71.2 | 75.0 | --- | - |
| NUAM Retirement Plans | | | | |
| Mixed Fund | 82.3 | 86.6 | +0.4 | - |
| UK Ordinary Share Fd | 97.2 | 102.3 | +0.6 | - |
| International Fund | 68.2 | 71.8 | +0.3 | - |
| Property Fund | 83.0 | 87.4 | +0.1 | - |
| Fixed Interest Fund | 75.3 | 79.3 | --- | - |
| Index Linked Sec Fund | 67.2 | 70.8 | +0.1 | - |
| Deposit Fund | 85.0 | 89.5 | --- | - |
| NUAM (MF) | | | | |
| Managed Fund | 1042.3 | 1097.2 | +4.3 | - |
| Equity Fund | 2249.0 | 2367.4 | +13.7 | - |
| International Fund | 168.9 | 177.8 | +0.4 | - |
| Property Fund | 507.8 | 534.6 | +0.1 | - |
| Fixed Interest Fund | 462.5 | 486.9 | -0.1 | - |
| Index Linked Sec Fund | 64.4 | 67.8 | +0.1 | - |
| Deposit Fund | 293.7 | 309.2 | +0.1 | - |

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Norwich Union Life Insurance Soc.** | | | | |
| Surrey Street, Norwich NR1 3NG 0603 622200 | | | | |
| Unitised Life | | | | |
| With Profits Fd | 115.62 | 121.70 | +0.03 | - |
| Managed Fd | 101.40 | 106.73 | +0.28 | - |

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Providence Capital Life Assc. Co Ltd** | | | | |
| 2 Bartley Way, Hook, Hants RG27 9XA 0256 768888 | | | | |
| UK Equity Acc | 234.3 | 247.2 | +1.8 | - |
| UK Fixed Int Acc | 185.8 | 196.0 | +0.3 | - |
| Intl Equities Acc | 175.1 | 184.8 | +0.3 | - |
| UK Managed Acc | 178.0 | 187.7 | +0.6 | - |
| Property Acc | 226.5 | 239.0 | ---- | - |
| Money Acc | 131.6 | 138.9 | ---- | - |
| Special Market Acc | 148.0 | 156.2 | +0.7 | - |
| Japan Equity Acc | 102.0 | 107.6 | +0.6 | - |
| North American Acc | 104.0 | 109.8 | ---- | - |
| Pacific Acc | 92.6 | 97.7 | +0.5 | - |
| Technology Acc | 124.1 | 131.0 | +2.8 | - |
| Nat Resources Acc | 53.8 | 56.8 | -0.2 | - |
| European Acc | 102.0 | 107.7 | -0.7 | - |
| Residential Prop Acc | 96.4 | 101.7 | | - |
| Swiss Equities Acc | 33.4 | 35.3 | -0.3 | - |
| Hong Kong Acc | 66.6 | 70.3 | +0.5 | - |
| UK High Inc Eq Acc | 76.8 | 81.1 | +0.6 | - |
| Int Fixed Interest Acc | 59.6 | 62.9 | -0.1 | - |
| Int Managed Acc | 56.7 | 59.8 | --- | - |
| HIP Managed Acc | 118.4 | 124.8 | -0.4 | - |
| HIP Managed II Acc | 103.6 | 109.2 | +0.4 | - |
| HIP Managed III Acc | 110.5 | 116.5 | +0.4 | - |
| Total Investment Bond | | | | |
| UK Equity Initial | | 159.1 | +1.1 | - |
| UK Fixed Int Initial | | 126.4 | +0.2 | - |
| Intl Equities Initial | | 118.3 | +0.2 | - |
| UK Managed Initial | | 121.1 | +0.4 | - |
| Property Initial | | 155.1 | -0.1 | - |
| Money Initial | | 90.0 | ---- | - |
| Special Market Initial | | 114.8 | +0.5 | - |
| Japan Equity Initial | | 79.0 | +0.4 | - |
| North American Initial | | 80.7 | --- | - |
| Pacific Initial | | 71.8 | +0.4 | - |
| Technology Initial | | 96.3 | +2.1 | - |
| Nat Resources Initial | | 41.8 | -0.1 | - |
| European Initial | | 91.3 | -0.7 | - |
| Residential Prop Init | | 92.0 | --- | - |
| Swiss Equities Initial | | 31.9 | -0.3 | - |
| Hong Kong Initial | | 63.6 | +0.5 | - |
| UK High Inc Eq Init | | 73.3 | +0.5 | - |
| Int Fixed Interest Init | | 57.6 | -0.1 | - |
| Int Managed Init | | 54.9 | --- | - |
| HIP Managed Init | | 115.0 | -0.2 | - |

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Finexco International Ltd** | | | | |
| PO Box 193, St Peter Port, Guernsey 0481 713100 | | | | |
| Underwritten by Providence Capital Life Assurance | | | | |
| UK Property Unit | | 101.0 | | - |

**Independent Financial Group PLC**

**Lazard Fund Mngrs (Channel Islands) Ltd**

**Lion World Fixed Income Fund**

## OFFSHORE INSURANCES

## MANAGEMENT SERVICES

## OFFSHORE AND OVERSEAS

## BERMUDA (SIB RECOGNISED)

## CANADA (SIB RECOGNISED)

## GUERNSEY (SIB RECOGNISED)

## GUERNSEY (REGULATED)

## IRELAND (SIB RECOGNISED)

## IRELAND (REGULATED)

هكذا عند التحميل

هكذا من الأصل





# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 35p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Baring International Fd Mngrs (Ireland) Ltd** | | | | |
| Australia | $16 50 | 17 33 | -0 13 | 1 06 |
| Japan Fund | $62 63 | 65.77 | +0 74 | - |
| Japan Fund | $26 09 | 27 40 | +0.11 | 0 17 |
| Japan New Growth Fd | $20 72 | 21 76 | +0 46 | - |
| Malay Sing | $50 56 | 53 11 | -0 42 | 0.31 |
| Nth America | $21 90 | 23.00 | -0 03 | 0.58 |
| Overseas Fund | $21 09 | 22 11 | -0 01 | 0.88 |
| Pacific Fd | $62 08 | 65 19 | +0 06 | - |
| International Bond | $17 29 | 18.16 | -0.02 | 6 89 |
| Europa Fund | $13.73 | 14.42 | -0 16 | - |
| British Screen Fd | £0 95 | 1 00 | | - |
| Tiger Warrant | $10 13 | 10 64 | +0 03 | - |
| Hong Kong | $48.66 | 51 10 | +0.25 | 3.09 |
| Mngd Portfolio (Stg) | £4 25 | 4 56 | | - |
| Mngd Portfolio (Dlr) | $10.35 | 10 95 | -0.02 | - |
| Currency Fd-Sterling | £19.44 | | +0.01 | - |
| Currency Fd-US Dollar | $15.32 | | | - |
| Curr Fd-Deutschemark | DM40 42 | | +0 01 | - |
| Curr Fd-Managed $ | $44 61 | 46 84 | -0 12 | - |
| **Federated International Funds Plc** | | | | |
| Federated Short-term US Gov't Securities Fund | | | | |
| Institutional Series* | $1 00 | | | 5 46 |
| Investment Series* | $1 00 | | | 5 46 |

* Annualised Yield

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Midland Bank Fund Managers (Jersey) Ltd** | | | | | | |
| PO Box 26, St Helier, Jersey 0534 606000 | | | | | | |
| Intl Circuit Portfolio | 6 | 1.0026 | 1.0026 | 1 0633 | +0.0004 | 1 65 |
| Gilt | 3 | 0.9553 | 0.9553 | 0 9850 | | 10 15 |

For MIM see INVESCO MIM

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Royal Trust Jsy Fd Mngt Ltd (1400)F** | | | | | | |
| PO Box 428, St Helier, Jersey 0534 76077 | | | | | | |
| Govt Secs Fd | 4 | 56.47 | 56.47 | 58.99 | -0.07 | 9 49 |
| **TSB Trust Funds (CI)** | | | | | | |
| PO Box 539, St Helier, Jersey 0534 73494 | | | | | | |
| TSB Offshore Investment Fund Ltd | | | | | | |
| Stg Deposit Class | 3 | 103.79 | 103 79 | 106 90 | | 10.30 |
| Gilt & Fixed Interest | 3 | 106 64 | 106.64 | 109 87 | | 8.78 |
| Blue Chip & Gilt Equity | 5 | 51 86 | 51 86 | 55 22 | | 3 62 |
| International Bond | 5 | 110 62 | 110 62 | 116.16 | | 6.90 |
| UK Equity | 5 | 132 91 | 132 91 | 144 44 | | 0.96 |
| International Equity | 5 | 117 07 | 117 07 | 125.28 | | 0 00 |
| Far Eastern | 5 | 89 03 | 89 03 | 95 42 | | 0.00 |
| European | 5 | 89.35 | 89 35 | 94 79 | | 0.00 |
| Pan American | 5 | 147 57 | 147 57 | 157 26 | | 0.00 |
| TSB Gilt Fund Ltd | | | | | | |
| Quarterly Share | 3 | 99.92 | 99 92 | 103.24 | | 9 98 |
| Monthly Share | 3 | 97.83 | 97.83 | 101 07 | | 10 19 |

## ISLE OF MAN (SIB RECOGNISED)

## JERSEY (REGULATED)(**)

## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)(**)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

## ISLE OF MAN (REGULATED)(**)

## JERSEY (SIB RECOGNISED)

### MANAGED FUNDS NOTES

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar steady in thin trading

THE dollar was little changed in sluggish trade as worries that the Federal Reserve may be forced to cut interest rates were offset by some institutional demand for the US unit at the lower levels.

The currency markets had begun the day in more buoyant mood with the dollar boosted after scattered corporate buying in early European trading.

However, any attempt to move out of its recently narrow trading range was brought to a halt after the latest weekly jobless figures.

US jobless claims for the week ending September 14 rose to 439,000, which was around 20,000 above most analysts' forecasts and compared with 403,000 the previous week (although that figure had been lowered by the Labor Day holiday).

The unexpected rise in the jobless total revived concerns about the weakness of the current economic recovery and once again led to talk that the Fed may be forced to ease monetary policy to prevent the economy sliding back into recession.

The numbers also reminded the market that the September employment report, which is released on Friday, may also show how fragile the upswing has been.

Economists said a disappointing employment report could be the opportunity for the Fed to cut rates. For now, US money market rates are holding steady with Fed funds unchanged at around 5⅝ per cent.

The dollar closed unchanged at DM1.6825; at SFr1.4650; and at FFr5.7325; but was higher at Y133.50 from Y133.25.

Renewed speculation about the future of Japan's finance minister, Mr Ryutaro Hashimoto, led to some weakness in the yen. Japanese newspapers suggested that Mr Ryutaro might resign after the Group of Seven meetings in mid-October, but speaking to reporters yesterday he said that "he alone" would decide on resignation. The D-Mark rose to Y79.34 from Y79.25.

Within the European exchange rate mechanism, the peseta continued to weaken as speculation persisted about a reduction in Spanish interest rates. Yesterday there were no suggestions of intervention by the Bank of Spain and currency analysts believe the peseta could slide further.

However, talk that both sterling and the peseta could move to the narrower 2¼ per cent bands within the ERM provides a floor to both currencies, dealers said.

The D-Mark rose to Pta63.44 from Pta63.10. Within the ERM grid, it fell to just 4.18 per cent over the French franc, the weakest currency in the system. Last week the peseta was more than 5 per cent over the franc, while on Wednesday it had been 4.61 per cent over.

Sterling fell back as the US dollar retreated after the jobless figures were released. It was unchanged at DM2.9150; at SFr2.5400; was higher at Y231.50 from Y231.00; and was weaker at $1.7330 from $1.7325; and at FFr9.9350 from FFr9.9375.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu Central Rates | Currency Amounts Against Ecu Sep 26 | % Change from Central Rate | % Spread vs Weakest Currency | Divergence Indicator |
|---|---|---|---|---|---|
| Spanish Peseta | 133.631 | 129.784 | -2.88 | 4.19 | 50 |
| Belgian Franc | 42.4032 | 42.1933 | -0.50 | 1.70 | 25 |
| D-Mark | 2.05586 | 2.04732 | -0.42 | 1.62 | 23 |
| Italian Lira | 1538.24 | 1531.87 | -0.41 | 1.61 | 22 |
| Dutch Guilder | 2.31643 | 2.30754 | -0.38 | 1.58 | 21 |
| Irish Punt | 0.767417 | 0.765753 | -0.22 | 1.41 | 12 |
| Sterling | 0.696904 | 0.702047 | 0.74 | 0.45 | -35 |
| Danish Krone | 7.84195 | 7.90349 | 0.78 | 0.41 | -34 |
| French Franc | 6.89509 | 6.97743 | 1.19 | 0.00 | [illegible] |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustments calculated by Financial Times.

### £ IN NEW YORK

| Sep 26 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.7325 - 1.7335 | 1.7350 - 1.7360 |
| 1 month | 0.75-0.73pm | 0.76-0.74pm |
| 3 months | 2.01-1.99pm | 2.02-2.01pm |
| 12 months | 6.73-6.68pm | 6.78-6.68pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | Sep 26 | Previous |
|---|---|---|
| 8.30 am | 91.0 | 91.0 |
| 9.00 am | 91.1 | 91.0 |
| 10.00 am | 91.1 | 91.0 |
| 11.00 am | 91.0 | 91.0 |
| Noon | 91.0 | 91.0 |
| 1.00 pm | 91.0 | 91.0 |
| 2.00 pm | 91.0 | 91.0 |
| 3.00 pm | 91.0 | 91.0 |
| 4.00 pm | 90.9 | 91.0 |

### CURRENCY MOVEMENTS

| Sep 26 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| Sterling | 90.9 | [illegible] |
| U.S. Dollar | [illegible] | [illegible] |
| Canadian Dollar | [illegible] | [illegible] |
| Austrian Schilling | [illegible] | [illegible] |
| Belgian Franc | [illegible] | [illegible] |
| Danish Krone | [illegible] | [illegible] |
| D-Mark | [illegible] | [illegible] |
| Swiss Franc | [illegible] | [illegible] |
| Dutch Guilder | [illegible] | [illegible] |
| French Franc | [illegible] | [illegible] |
| Lira | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). *Rates are for Sep 25

### CURRENCY RATES

| Sep 26 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] |

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Sep 25

### OTHER CURRENCIES

| Sep 26 | £ | $ |
|---|---|---|
| [illegible] | [illegible] | [illegible] |
| S Af (Cm) | 4.8920 - 4.9035 | 2.8205 - 2.8220 |
| S Af (Fn) | 5.3220 - 5.4056 | 3.0675 - 3.1155 |
| Taiwan | 46.00 - 46.05 | 26.50 - 26.55 |
| U.A.E. | 6.3225 - 6.3990 | 3.6715 - 3.6735 |

* Selling rate.

### POUND SPOT - FORWARD AGAINST THE POUND

| Sep 26 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.68-3.63cpm. 12 Month 6.70-6.56cpm.

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

| Sep 26 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

### EURO-CURRENCY INTEREST RATES

| Sep 26 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Long term Eurodollars: two years 6¾-6⅝ per cent; three years 7¼-7⅛ per cent; four years 7⅜-7¼ per cent; five years 7⅝-7½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| Sep.26 | £ | $ | DM | Yen | F Fr. | S Fr. | H Fl. | Lira | C$ | B Fr. | ECU |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.733 | 2.915 | 231.5 | 9.935 | 2.540 | 3.285 | 2181. | 1.965 | 59.95 | 1.423 |
| $ | 0.577 | 1 | 1.682 | 133.6 | 5.733 | 1.466 | 1.896 | 1259 | 1.134 | 34.59 | 0.821 |
| DM | 0.343 | 0.595 | 1 | 79.42 | 3.408 | 0.871 | 1.127 | 748.2 | 0.674 | 20.57 | 0.488 |
| YEN | 4.320 | 7.486 | 12.59 | 1000 | 42.92 | 10.97 | 14.19 | 9421 | 8.488 | 259.0 | 6.147 |
| F Fr. | 1.007 | 1.744 | 2.934 | 233.0 | 10 | 2.557 | 3.306 | 2195 | 1.978 | 60.34 | 1.432 |
| S Fr. | 0.394 | 0.682 | 1.148 | 91.14 | 3.911 | 1 | 1.293 | 858.7 | 0.774 | 23.60 | 0.560 |
| H Fl. | 0.304 | 0.528 | 0.887 | 70.47 | 3.024 | 0.773 | 1 | 663.9 | 0.598 | 18.25 | 0.433 |
| Lira | 0.459 | 0.795 | 1.337 | 106.1 | 4.555 | 1.165 | 1.506 | 1000. | 0.901 | 27.49 | 0.652 |
| C$ | 0.509 | 0.882 | 1.483 | 117.8 | 5.056 | 1.293 | 1.672 | 1110 | 1 | 30.51 | 0.724 |
| B Fr. | 1.668 | 2.891 | 4.862 | 386.2 | 16.57 | 4.237 | 5.480 | 3638 | 3.278 | 100. | 2.374 |
| ECU | 0.703 | 1.218 | 2.048 | 162.7 | 6.982 | 1.785 | 2.309 | 1533 | 1.381 | 42.13 | 1 |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

## FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS

LIFFE US TREASURY BOND FUTURES OPTIONS

LIFFE BUND FUTURES OPTIONS

LIFFE EURODMARK OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING OPTIONS

LONDON (LIFFE)

CHICAGO

U.S. TREASURY BONDS (CBT)

JAPANESE YEN (IMM)

DEUTSCHE MARK (IMM)

U.S. TREASURY BILLS (IMM)

THREE-MONTH EURODOLLAR (IMM)

BRITISH POUND (IMM)

STANDARD & POORS 500 INDEX

SWISS FRANC (IMM)

PHILADELPHIA SE £/$ OPTIONS

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

6 to 10 YEAR 10% ITALIAN LONG TERM CONTRACT (MATIF) FUTURES

THREE-MONTH PIBOR FUTURES (MATIF) (Paris Interbank offered rate)

CAC-40 FUTURES (MATIF) Stock index

ECU BOND (MATIF)

OPTION ON LONG-TERM FRENCH BOND (MATIF)

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

| Spot | 1-mth. | 3-mth. | 6-mth. | 12-mth. |
|---|---|---|---|---|
| 1.7330 | 1.7256 | 1.7126 | 1.6964 | 1.6655 |

### BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 10.5 | Credit Lyonnais | 10.5 | Midland Bank | 10.5 |
| Allied Trust Bank | 10.5 | Cyprus Popular Bk | 10.5 | Mount Banking | 10.5 |
| AIB Bank | 10.5 | Dunbar Bank PLC | 10.5 | NatWestminster | 10.5 |
| ● Henry Ansbacher | 10.5 | Duncan Lawrie | 10.5 | Northern Bank Ltd | 10.5 |
| B & C Merchant Bank | 10.5 | Equatorial Bank plc | 10.5 | Nykredit Mortgage Bank | 11.5 |
| Bank of Baroda | 10.5 | Exeter Bank Limited | 11 | Provincial Bank PLC | 10.5 |
| Banco Bilbao Vizcaya | 10.5 | Financial & Gen. Bank | 11 | Rothschild & Co | 10.5 |
| Bank of Cyprus | 10.5 | First National Bank Plc | 11.5 | Royal Bk of Scotland | 10.5 |
| Bank of Ireland | 10.5 | ● Robert Fleming & Co | 10.5 | ● Smith & Williamson Secs | 10.5 |
| Bank of India | 10.5 | Robert Fraser & Ptnrs | 11 | Standard Chartered | 10.5 |
| Bank of Scotland | 10.5 | Girobank | 10.5 | TSB | 10.5 |
| Banque Belge Ltd | 10.5 | ● Guinness Mahon | 10.5 | ● United Bk of Kuwait | 10.5 |
| Barclays Bank | 10.5 | ● Hambros Bank | 10.5 | Unity Trust Bank Plc | 10.5 |
| Beneficial Trust Ltd | 11.5 | Heritable & Gen Inv Bk | 10.5 | Western Trust | 10.5 |
| Brit Bk of Mid East | 10.5 | ● Hill Samuel | 10.5 | Westpac Bank Corp | 10.5 |
| ● Brown Shipley | 10.5 | C. Hoare & Co | 10.5 | Whiteaway Laidlaw | 10.5 |
| CL Bank Nederland | 10.5 | Hongkong & Shanghai | 10.5 | Yorkshire Bank | 10.5 |
| Citibank NA | 10.5 | ● Leopold Joseph & Sons | 10.5 | ● Members of British Merchant Banking & Securities Houses Association. | |
| City Merchants Bank | 10.5 | Lloyds Bank | 10.5 | | |
| Clydesdale Bank | 10.5 | Meghraj Bank Ltd | 10.5 | | |
| Co-operative Bank | 10.5 | McDonnell Douglas Bnk | 10.5 | | |
| Coutts & Co | 10.5 | | | | |

## MONEY MARKETS

# London rates ease

LONDON interest rates fell back yesterday after the Bank of England forecasted a smaller daily money market liquidity shortage than had been expected.

Three months inter-bank money was down $\frac{1}{32}$ point at 10¼-⅛ per cent; six months was off $\frac{1}{32}$ at 10$\frac{3}{16}$-$\frac{1}{16}$ per cent; and one year was down $\frac{1}{16}$ at 10¼-$\frac{1}{16}$ per cent.

With money dealers expecting the day's liquidity shortage to be around £600m and some even anticipating a £1bn shortage, the Bank of England's forecast of £300m, which was later revised to £200m, put rates under pressure.

And unlike the previous two days, the Bank met most of the market's credit needs, with £183m of help. The Bank bought £123m of bank bills at unchanged rates of 10⅜ per cent and provided late assistance of £60m.

Interest rate futures moved higher as sterling remained steady for much of the session. December short sterling was up 5 at 90.19.

In Frankfurt call money was unchanged at 8.95-9.05 per cent after the Bundesbank left monetary policy unchanged at its regular council meeting yesterday. Analysts had not been expecting any change on interest rate policy to emerge from the meeting.

The German discount rate remains at 7.50 per cent and the Lombard emergency financing rate at 9.25 per cent.

Liquidity appeared to be in plentiful supply although money dealers said the market could be tighter today as banks make pension payments and also pay almost DM4bn for new four-year government paper, issued on Wednesday.

Banks' reserve holdings at the Bundesbank rose to DM69.0bn on Tuesday from DM67.4bn on Monday to average DM73.1bn for the first 24 days of the month.

Banks took up about DM600m at the 9.25 per cent Lombard rate on Wednesday, up from about DM300m on Tuesday.

In Stockholm the average rate of accepted bids on a seven billion crown reverse repurchase agreement which runs from September 27 to 30 was an unchanged 10.14 per cent.

In New York the Federal Reserve injected temporary reserves into the banking system by way of $2bn in customer repurchase agreements. Fed funds were at 5⅝ per cent, slightly above the presumed 5¼ per cent target for the overnight rate.

**UK clearing bank base lending rate 10.5 per cent from September 4, 1991**

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Sep 26) | 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|---|
| | bid 5⅝ | offer 5¾ | bid 5⅝ | offer 5¾ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

NEW YORK — Treasury Bills and Bonds

| Sep 26 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 9.25 |
| Paris | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 9.25 |
| Zurich | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Amsterdam | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Tokyo | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Milan | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Brussels | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |
| Dublin | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | |

### LONDON MONEY RATES

| Sep 26 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Interbank Bid | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sterling CDs | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Local Authority Deps. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Local Authority Bonds | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Discount Mkt Deps | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Company Deposits | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Finance House Deposits | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Treasury Bills (Buy) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Bank Bills (Buy) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Fine Trade Bills (Buy) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Dollar CDs | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| SDR Linked Dep. Offer | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| SDR Linked Dep. Bid | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ECU Linked Dep. Offer | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ECU Linked Dep. Bid | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Treasury Bills (sell): one-month 10¼ per cent; three months 9⅞ per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 10⅛ per cent; three months 10 per cent. Treasury Bills: Average tender rate of discount 9.6695 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 30, 1991. Agreed rates for period Sept 26, 1991 to October 25, 1991, Scheme I: 12.08 p.c., Schemes II & III: 12.17 p.c. Reference rate for period August 1, 1991 to August 30, 1991, Scheme IV&V: 10.960 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from September 1, 1991. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent. Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.





# MONEY MARKET FUNDS

## Money Market Trust Funds

[illegible]

## Money Market Bank Accounts

[illegible]

JOTTER PAD

# CROSSWORD

**No.7,657 Set by HIGHLANDER**

ACROSS

1 Finely balanced competition match follows; bar cheat (5, 9)

10 English evasive about listing environmental relationships (7)

11 Standard charge includes retrospective relief, spread out (7)

12 Disconcerted by unexpected defeat (6)

13 A quicker way is to stop putting the cart before the horse (5,3)

15 Gambler clears out after involvement with political leader (10)

16 Animal's stomach or shoulder (4)

18 Dress in right order (4)

20 Light, non-fat, baked food - keep gas on, cook about 100 (6,4)

22 Black stuff appearing on poor paper and on smelly plant (8)

24 Check on vehicle provided a distinctive idea (6)

26 Elderly one found in the Lords, possibly without husband (7)

27 Not European, but the Continent takes most of the credit (7)

28 First of many green issues sorted out by French bishops (12)

DOWN

2 Brief inspection gives leaders of local officials satisfactory picture (4,5)

3 Drive brazen solicitor away from gunfight (5-8)

4 Small banks provide explanatory comments verbally (4)

5 Oil prime minister found in the direction of Scotland (10)

6 Turns, looking embarrassed: that's a duck! (5)

7 Instalment paid for large farm in the Borders (7)

8 Appropriation of property owner is not a request (8)

9 Tense supporting character is correct in every detail (4-7)

14 Structural protection below floor level going soft here? (10)

17 Hilary has to call last orders (4-4)

19 Fashion swindle brought about a state of weariness (7)

21 More intelligent, 'like feather' said (7)

23 Characters in musical to suit countertenors (4)

25 Knock hair-style (4)

Solution to Puzzle No.7,656

# WORLD STOCK MARKETS

## INDICES

### NEW YORK

| DOW JONES | Sep 25 | Sep 24 | Sep 23 | Sep 20 | 1991 HIGH | 1991 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| ϕIndustrials | 3021.02 | 3029.07 | 3010.51 | 3019.23 | 3055.23 (28/8) | 2470.30 (9/1) | 3055.23 (28/8/91) | 41.22 (2/7/32) |
| Home Bonds | 96.73 | 96.64 | 96.60 | 96.62 | 96.73 (25/9) | 91.30 (16/1) | 96.73 (25/9/91) | 54.99 (1/10/81) |
| Transport | 1184.94 | 1187.41 | 1183.00 | 1187.24 | 1241.89 (3/6) | 894.30 (7/1) | 1532.01 (5/9/89) | 12.32 (8/7/32) |
| Utilities | 209.81 | 208.94 | 208.31 | 208.19 | 220.89 (16/4) | 195.17 (10/7) | 236.23 (2/1/90) | 10.50 (8/4/32) |

ϕDay's High 3048.52 (3043.38) Low 3004.92 (2995.97)

### STANDARD AND POOR'S

| | Sep 25 | Sep 24 | Sep 23 | Sep 20 | 1991 HIGH | 1991 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 386.88 | 387.71 | 385.92 | 387.92 | 396.64 (28/8) | 311.49 (9/1) | 396.64 (28/8/91) | 4.40 (1/6/32) |
| Industrials | 458.50 | 459.72 | 457.04 | 459.47 | 472.01 (29/8) | 364.90 (9/1) | 472.01 (29/8/91) | 3.62 (21/6/32) |
| Financial | 31.49 | 31.59 | 31.44 | 31.70 | 32.24 (14/8) | 21.96 (9/1) | 35.24 (9/10/89) | 8.64 (1/10/74) |
| NYSE Composite | 212.53 | 212.90 | 212.02 | 212.98 | 217.17 (28/8) | 170.97 (9/1) | 217.17 (28/8/91) | 4.46 (25/4/42) |
| Amex Mkt. Value | 372.91 | 372.16 | 370.11 | 370.60 | 373.40 (18/4) | 296.72 (14/1) | 397.03 (10/10/89) | 29.31 (9/12/72) |
| NASDAQ Composite | 527.82 | 526.47 | 524.69 | 527.19 | 527.82 (25/9) | 355.75 (14/1) | 527.82 (25/9/91) | 54.87 (31/10/72) |

| | Sep 20 | Sep 13 | Sep 6 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 3.04 | 3.07 | 3.04 | 4.03 |
| | Sep 18 | Sep 11 | Sep 4 | year ago (approx.) |
| S & P Industrial div. yield | 2.73 | 2.74 | 2.70 | 3.29 |
| S & P Indl. P/E ratio | 21.15 | 21.01 | 21.33 | 15.12 |

### NEW YORK ACTIVE STOCKS

| Wednesday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Unjohn | 2,800,800 | 47¼ | + 3 |
| AT & T | 2,367,300 | 37⅞ | - ⅛ |
| Pepsico | 2,186,000 | 28½ | - ⅛ |
| USX-Marathn | 2,011,500 | 31⅝ | - ½ |
| GTE Corp. | 1,984,900 | 29⅞ | + ⅛ |
| Wal-Mart | 1,976,100 | 47⅞ | - 1⅝ |
| Countrywde | 1,783,700 | 28 | + ⅝ |
| McDonalds | 1,750,400 | 34⅝ | + 1⅛ |
| Union Carbide | 1,620,300 | 22⅛ | + ½ |
| Transco | 1,475,900 | 17 | - 2⅛ |

### TRADING ACTIVITY

| † Volume Millions | Sep 25 | Sep 24 | Sep 23 |
|---|---|---|---|
| New York SE | 153.800 | 170.785 | 145.530 |
| Amex | 14.421 | 15.985 | 11.456 |
| NASDAQ | 178.119 | 179.751 | 158.858 |
| **NYSE** | | | |
| Issues Traded | 2,093 | 2,089 | 2,097 |
| Rises | 722 | 865 | 650 |
| Falls | 812 | 676 | 898 |
| Unchanged | 559 | 548 | 549 |
| New Highs | 95 | 99 | 90 |
| New Lows | 17 | 18 | 18 |

### CANADA

| TORONTO | Sep 25 | Sep 24 | Sep 23 | Sep 20 | 1991 HIGH | 1991 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 2878.43 | 2893.55 | 2873.74 | 2894.73 | 3299.99 (18/7) | 2632.06 (9/1) |
| Composite | 3390.08 | 3398.10 | 3396.61 | 3407.17 | 3582.07 (7/6) | 3161.95 (15/1) |
| MONTREAL Portfolio | 1812.74 | 1815.84 | 1809.25 | 1811.19 | 1903.86 (7/6) | 1686.89 (9/1) |

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

| | Sep 26 | Sep 25 | Sep 24 | Sep 23 | 1991 HIGH | 1991 LOW |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ordinaries (1/1/80) | 1568.4 | 1562.0 | 1555.4 | 1562.9 | 1591.3 (7/8) | 1204.5 (16/1) |
| All Mining (1/1/80) | 653.8 | 649.1 | 645.5 | 648.6 | 707.2 (24/7) | 561.6 (16/1) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (30/12/84) | 454.72 | 457.94 | 459.72 | 460.01 | 534.81 (16/4) | 390.84 (15/1) |
| **BELGIUM** | | | | | | |
| BEL20 (1/1/91) | 1086.11 | 1088.89 | 1095.30 | 1105.52 | 1212.15 (17/4) | 917.59 (17/1) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | 361.84 | 361.21 | 362.05 | 362.12 | 380.04 (2/8) | 302.26 (8/1) |
| **FINLAND** | | | | | | |
| HEX General (28/12/90) | 867.0 | 882.5 | 885.7 | 889.1 | 1186.9 (8/4) | 867.0 (26/9) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 494.21 | 497.15 | 495.32 | 496.94 | 497.15 (25/9) | 394.88 (15/1) |
| CAC 40 (31/12/87) | 1876.49 | 1877.93 | 1885.23 | 1888.35 | 1885.49 (20/9) | 1425.26 (15/1) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 667.65 | 672.92 | 668.68 | 667.43 | 717.43 (17/6) | 570.48 (15/1) |
| Commerzbank (1/12/53) | 1879.40 | 1895.00 | 1882.30 | 1878.70 | 2035.2 (31/5) | 1612.5 (15/1) |
| DAX (30/12/87) | 1619.99 | 1625.41 | 1626.63 | 1614.16 | 1715.80 (11/6) | 1311.82 (16/1) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 3927.98 | 3901.95 | 3904.19 | (c) | 4079.01 (14/8) | 2984.01 (16/1) |
| **IRELAND** | | | | | | |
| ISEQ Overall (4/1/88) | 1447.22 | 1447.19 | 1442.46 | 1453.48 | 1520.65 (15/3) | 1114.86 (25/1) |
| **ITALY** | | | | | | |
| Banca Com. Ital. (1972) | 539.39 | 541.31 | 543.34 | 544.22 | 619.38 (3/6) | 486.26 (29/1) |
| **JAPAN** | | | | | | |
| Nikkei (16/5/49) | 23968.08 | 23577.42 | 23333.70 | (c) | 27146.91 (18/3) | 21456.76 (19/8) |
| Tokyo SE (Topix) (4/1/68) | 1838.79 | 1812.85 | 1797.62 | (c) | 2028.85 (18/3) | 1625.00 (17/1) |
| 2nd Section (4/1/68) | 2847.04 | 2817.62 | 2786.30 | (c) | 3423.45 (10/5) | 2473.52 (24/1) |
| **MALAYSIA** | | | | | | |
| KLSE Composite (4/4/86) | 526.70 | 523.08 | 521.03 | 520.57 | 635.02 (29/5) | 470.41 (16/1) |
| **NETHERLANDS** | | | | | | |
| CBS Ttl.Rtn.Gen.(End 1983) | 276.9 | 276.9 | 276.5 | 277.8 | 284.8 (5/6) | 221.4 (16/1) |
| CBS All Shr (End 1983) | 194.8 | 194.8 | 194.5 | 195.4 | 203.1 (5/6) | 162.3 (16/1) |
| **NORWAY** | | | | | | |
| Oslo SE (Ind) (2/1/83) | 757.75 | 749.79 | 740.58 | 748.83 | 793.53 (26/8) | 610.45 (21/1) |
| **PHILIPPINES** | | | | | | |
| Manila Comp (2/1/85) | 965.31 | 973.67 | 966.59 | 912.75 | 1183.40 (29/5) | 582.64 (10/1) |
| **SINGAPORE** | | | | | | |
| SES All-Singapore (2/4/75) | 374.53 | 376.48 | 377.21 | 379.47 | 422.43 (26/4) | 315.07 (16/1) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | 1127.0 | 1147.0 | 1154.0 | 1129.0 | 1469.0 (5/7) | 971.0 (25/2) |
| JSE Industrial (28/9/78) | 4048.0 | 4086.0 | 4151.0 | 4171.0 | 4237.0 (10/9) | 2829.0 (16/1) |
| **SOUTH KOREA**** | | | | | | |
| Korea Comp Ex. (4/1/80) | 679.48 | 680.39 | 683.93 | (c) | 763.10 (6/8) | 598.57 (22/6) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 276.43 | 277.86 | 277.46 | 278.12 | 289.22 (18/3) | 213.70 (14/1) |
| **SWEDEN** | | | | | | |
| Affarsvärlden Gen. (1/2/37) | 1042.80 | 1063.30 | 1067.00 | 1069.20 | 1149.8 (11/7) | 808.4 (8/1) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Ind. (31/12/58) | 738.9 | 742.7 | 744.8 | 746.5 | 769.2 (29/8) | 590.4 (14/1) |
| SBC General (1/4/87) | 607.0 | 610.2 | 613.1 | 614.3 | 638.0 (31/5) | 487.1 (14/1) |
| **TAIWAN**** | | | | | | |
| Weighted Price (30/6/66) | 4842.33 | 4790.68 | 4814.19 | (c) | 6305.22 (9/5) | 3316.26 (15/1) |
| **THAILAND** | | | | | | |
| Bangkok SET (30/4/75) | 693.05 | 691.88 | 695.24 | 704.84 | 908.13 (19/4) | 582.48 (16/1) |
| **WORLD** | | | | | | |
| M.S. Capital Intl.(1/1/70) ($) | 512.6* | 512.5 | 512.2 | 510.1 | 529.2 (17/4) | 439.1 (16/1) |

**Saturday September 21: Taiwan Weighted Price: 4741.45 Korea Comp Ex. (c)
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

## TOKYO - Most Active Stocks

Thursday 26 September 1991

| | Stocks Traded | Closing Prices | Change on day | | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|---|---|---|---|
| Dainippon Ink | 28.4m | 680 | -21 | Meiji Seika | 9.6m | 1,310 | -60 |
| Sumitomo Heavy | 24.1m | 787 | +38 | Kawasaki Heavy | 8.1m | 808 | +33 |
| Hitachi Zosen | 21.7m | 728 | +29 | Mitsui Shipbldg | 7.9m | 645 | +10 |
| Kumagai Gumi | 18.8m | 875 | +60 | Nissho Iwai | 7.9m | 688 | +51 |
| Tomen | 10.1m | 800 | +35 | Sasebo Heavy | 7.6m | 827 | +37 |

3:00 pm prices September 26

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 1991 High | 1991 Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 16⅞ | 9¼ | AAR Corp | 0.48 | 0.03 | 19 | 704 | 14 | 13⅞ | 13⅞ | -⅛ |
| 18¾ | 14½ | [illegible] | 0.76 | 0.01 | 19 | 231 | 17⅞ | 17¼ | 17⅞ | |
| 55¾ | 40⅞ | AMP Inc | 1.44 | 0.03 | 20 | 450 | 52¼ | 51¼ | 52¼ | +¼ |
| 68⅝ | 44¼ | AMR | | | 11 | 1563 | 58⅛ | 57¼ | 58⅛ | +⅝ |
| 2⅝ | 1 | ARX | | | 1 | 76 | 1¼ | 1¼ | 1¼ | +⅛ |
| 58 | 41½ | ASA | 3.50 | 0.07 | 13 | 174 | 47¾ | 47⅛ | 47⅛ | -½ |
| 55⅛ | 39¾ | Abbot Lab x | 1.00 | 0.02 | 22 | 4247 | 54 | 52½ | 54 | +½ |
| 14⅝ | 9⅞ | Abitibi Pr | 0.50 | 0.04 | 24 | 20 | 13¼ | 13¼ | 13¼ | |
| 11⅝ | 10⅜ | ACM Gvt In | 1.26 | 0.11 | | 241 | 11¼ | 11⅛ | 11¼ | |
| 9¾ | 8¾ | ACM GvOpp | 1.01 | 0.10 | | 13 | 9⅝ | 9½ | 9⅝ | |
| 9¼ | 8¼ | ACM Gvt Sc x | 1.01 | 0.11 | | 258 | 9⅛ | 9 | 9 | -⅛ |
| 11 | 9⅞ | ACM Gvt Se x | 1.26 | 0.12 | | 308 | 10⅝ | 10½ | 10½ | -⅛ |
| 8⅝ | 7⅝ | ACM Man | 1.01 | 0.12 | | 283 | u8⅝ | 8½ | 8⅝ | |
| 12⅞ | 11½ | ACM Managd | 1.35 | 0.11 | | 306 | 12½ | 12¼ | 12½ | |
| 7½ | 4¼ | Acme Cleve | 0.40 | 0.06 | 16 | 325 | 6¼ | 6 | 6¼ | +¼ |
| 8 | 3⅞ | Acme Elect | | | 2 | 107 | 4¼ | 4 | 4 | -⅜ |
| 40 | 22¾ | Acuson | | | 22 | 825 | 34 | 33½ | 33½ | -⅞ |
| 19⅞ | 14¼ | Adams Expr | 0.73 | 0.04 | 0 | 26 | 18¾ | 18⅝ | 18⅝ | -⅛ |
| 20⅛ | 17½ | Adobe12Pf | 2.40 | 0.12 | | 4 | 19⅞ | 19⅞ | 19⅞ | |
| 9¼ | 6⅝ | Adobe Res | | | 53 | 75 | 8 | 8 | 8 | -⅛ |
| 38⅞ | 18 | Ad Micro | | | | z100 | 33½ | 33½ | 33½ | |
| 14¼ | 4⅝ | Ad Micro P | 3.00 | 0.28 | 174 | 173 | 10½ | 10⅛ | 10½ | +¼ |
| 5⅛ | 2¼ | Advest Grp | 0.16 | 0.04 | 5 | 57 | 3½ | 3⅜ | 3½ | |
| 49⅛ | 31⅞ | Aetna Lf | 2.76 | 0.08 | 7 | 1475 | 33¾ | 33⅜ | 33⅝ | +⅛ |
| 10⅝ | 6⅝ | Affil A | 0.24 | 0.03 | 46 | 492 | 8⅛ | 8⅛ | 8¼ | |
| 20⅞ | 12 | Ahmanson | 0.88 | 0.05 | 10 | 1659 | 17⅝ | 17⅛ | 17⅝ | |
| 13⅞ | 2⅞ | Aileen Inc | | | 14 | 950 | u14⅞ | 14 | 14½ | +⅛ |
| 74⅛ | 51⅞ | Air Pr Chm x | 1.56 | 0.02 | 14 | 1354 | 65¾ | 62⅞ | 65½ | +2¾ |
| 30 | 16⅝ | Airbne Frt | 0.30 | 0.01 | 17 | 952 | 26 | 25½ | 26 | +⅛ |
| 18⅞ | 12½ | Airgas Inc | | | 102 | 187 | 18½ | 17⅞ | 13⅞ | +1 |
| 15¼ | 10 | Airlease x | 1.68 | 0.13 | 7 | 5 | 13 | 12⅞ | 12⅞ | -⅛ |
| 96½ | 88¼ | AlaPw8 16 | 8.16 | 0.08 | | 2 | 95 | 95 | 95 | +1 |
| 25⅛ | 21⅞ | AlaPw PfA | 2.00 | 0.08 | | 11 | u25⅛ | 25⅛ | 25⅛ | |
| 106½ | 100 | AlaPw9.44 | 9.44 | 0.09 | | z100 | 105 | 105 | 106½ | |
| 108 | 102⅝ | Alab Pw 11 | | | | 2 | 104 | 104 | 104 | |
| 103 | 96 | Alab Pw 9P | 9.00 | 0.09 | | z100 | 101½ | 101½ | 101½ | |
| 98 | 88 | Alab 8.28C | 8.28 | 0.09 | | z100 | 96¾ | 96¾ | 95 | -1¼ |
| 10⅞ | 9⅞ | AlaPwDpPf | 0.87 | 0.03 | | 3 | 10⅞ | 10⅞ | 10⅞ | |
| 25⅝ | 17½ | Alaska Air x | 0.20 | 0.01 | 100 | 105 | 22⅛ | 22 | 22⅛ | -⅛ |
| 20 | 10 | Albany Int | 0.35 | 0.02 | 80 | 10 | 19½ | 18½ | 18½ | |

| 1991 High | 1991 Low | Stock | Div. | Yld. | P/E | Sls 100s |
|---|---|---|---|---|---|---|
| 30 | 22⅞ | BRE Prop | 2.40 | 0.08 | 19 | [illegible] |
| 23⅛ | 24⅝ | Briggs & S | 1.60 | 0.04 | 14 | 455 |
| 46 | 36⅝ | Brinkerint | | | 32 | 597 |
| 87⅞ | 61¼ | Bristol M x | 2.40 | 0.03 | 23 | 7835 |
| 33¾ | 24½ | Brit Airwy | 1.76 | 0.06 | 21 | 128 |
| 49⅞ | 39 | Brit Gas | 2.50 | 0.05 | 12 | 42 |
| 77½ | 63⅞ | BP ADR | 4.36 | 0.06 | 7 | 1641 |
| 32⅛ | 26⅝ | BP Prudhoe | 3.34 | 0.10 | 9 | 379 |
| 8⅝ | 3½ | BP Wts93 | | | | 1444 |
| 27⅝ | 13¼ | Brit Steel | 1.70 | 0.07 | 13 | 91 |
| 68¾ | 51¼ | Brit Tel | 3.24 | 0.05 | 12 | 275 |
| 16¼ | 4⅝ | Broad Inc | 0.20 | 0.01 | 12 | 297 |
| 30¾ | 27½ | BrklnPfd | 2.47 | 0.08 | | [illegible] |
| 29⅞ | 27 | Brooklyn U | 1.90 | 0.06 | 13 | 75 |
| 84½ | 69¼ | BrwnFormnB | 2.24 | 0.03 | 14 | 136 |
| 28¾ | 21⅝ | Brown Grp x | 1.60 | 0.06 | 16 | 728 |
| 12½ | 7⅞ | Brown&Shrp | 0.32 | 0.04 | 2 | 37 |
| 30¼ | 18⅞ | Browning F x | 0.68 | 0.03 | 14 | 3724 |
| 4⅞ | 2 | BRT | | | 0 | 6 |
| 16⅞ | 8⅝ | Brunswick | 0.44 | 0.04 | 53 | 2094 |
| 20 | 14⅛ | Brush Well | 0.72 | 0.05 | 20 | 48 |
| 27¾ | 23⅝ | Buckeye Pt | 2.80 | 0.09 | 9 | 16 |
| 18⅞ | 13 | Bunker Hll x | 1.64 | 0.10 | 0 | 60 |
| 13¾ | 10¼ | Burger K I | 1.62 | 0.14 | 12 | 32 |
| 17¼ | 8⅞ | Burl Coat | | | 18 | 474 |
| 35¾ | 26¼ | Burl North | 1.20 | 0.04 | 7 | 3630 |
| 43¼ | 32⅞ | Burlin Resc | 0.70 | 0.02 | 30 | 1670 |
| 16 | 11¼ | Burnham Pc x | 1.36 | 0.09 | 45 | 7 |

- C -

| 1991 High | 1991 Low | Stock | Div. | Yld. | P/E | Sls 100s |
|---|---|---|---|---|---|---|
| 30⅞ | 15 | C & S/Sovr | 1.56 | 0.05 | 32 | 754 |
| 37⅛ | 27½ | CBI Ind | 0.48 | 0.02 | 21 | 295 |
| 158¾ | 150¼ | CBS Inc | 1.00 | 0.01 | 66 | 85 |
| 1 | ¼ | CCX Inc | | | 0 | 40 |

[illegible]

- B -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

[illegible]

- J -

[illegible]

- K -

[illegible]

- L -

[illegible]

- M -

[illegible]

- N -

[illegible]

- O -

[illegible]

- P - Q -

[illegible]

- R -

[illegible]

- S -

[illegible]

Continued on next page

# NYSE COMPOSITE PRICES

Continued from previous page

| 1991 High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 2⅛ | ¼ | SwatchL&S | 0.19 | 0.25 | 0 | 143 | ⅜ | d¼ | ¼ | [illegible] |
| 13 | 11 | Sabine Rlt | 1.32 | 0.11 | 7 | 44 | 12⅜ | 12¼ | 12¼ | [illegible] |
| 9⅞ | 5⅞ | Safecard | 0.15 | 0.02 | 7 | 108 | 8¼ | 8⅛ | 8⅛ | [illegible] |
| 13⅞ | 8⅝ | Salag'd Sc | | | 3 | 13 | 11⅞ | 11⅝ | 11⅝ | |
| 37 | 25 | SafetyKln | 0.32 | 0.01 | 27 | 1258 | 28⅜ | 28 | 28⅜ | [illegible] |
| 21⅝ | 11⅞ | Safeway | | | | 161 | 169 17⅞ | 17⅜ | 17⅜ | [illegible] |
| 4⅞ | 2⅞ | SafewayW96 | | | | 61 | 4 | 3⅞ | 4 | |
| 35⅞ | 26⅞ | StJoePaper | 0.20 | 0.01 | 36 | 7 | 31⅛ | 31⅛ | 31⅛ | [illegible] |
| 34¼ | 26⅛ | StJoeLAP x | 1.56 | 0.05 | 11 | 41 | 31⅞ | 31⅞ | 31⅞ | [illegible] |
| 4¼ | 1½ | Salant Crp | | | 0 | 3 | 3¼ | 3¼ | 3¼ | [illegible] |
| 69⅞ | 43⅝ | Sallie Mae | 0.80 | 0.01 | 185 | 117 | 61⅛ | 59 | 59¼ | [illegible] |
| 15⅝ | 10⅞ | Salomon Br | 0.60 | 0.04 | | 284 | 13⅞ | 13¼ | 13⅜ | |
| 37 | 20⅞ | SalomonInc | 0.64 | 0.03 | 6 | 1977 | 24⅞ | 23⅝ | 24⅞ | [illegible] |
| 45⅞ | 37⅛ | SanDgo G&E | 2.60 | 0.07 | 11 | 186 | 41⅛ | 41¼ | 41⅞ | |
| 4⅞ | 2⅜ | SantaFeEn x | 0.40 | 0.13 | 20 | 80 | 3⅛ | 3 | 3 | [illegible] |
| 16⅞ | 10⅛ | SantaFeErs x | 0.16 | 0.01 | 28 | 2069 | 11⅞ | 11¼ | 11¼ | [illegible] |
| 33½ | 25 | SantaFePac | 2.65 | 0.08 | 10 | 17 | 32⅞ | 32⅛ | 32⅞ | [illegible] |
| 10¼ | 6¼ | SantaFeSth | | | 45 | 513 | 9⅛ | 9 | 9¼ | |
| 45⅞ | 29⅞ | Sara Lee | 0.94 | 0.02 | 20 | 1714 | 45 | 44⅛ | 44⅝ | |
| ⅛ | ⅛ | Savin Corp | | | | 08795 | 0.08 | d⅛ | ⅛ | |
| 7⅞ | 1⅞ | Savin 0.60 | 0.60 | 0.38 | | 10 | 2⅛ | 2 | 2⅛ | [illegible] |
| 40½ | 33½ | Scana Corp | 2.62 | 0.08 | 8 | 179 | 39⅞ | 39⅛ | 39⅞ | [illegible] |
| 44⅝ | 35 | Seacorp x | 2.72 | 0.06 | 12 | 803 | u44⅞ | 44⅛ | 44⅞ | [illegible] |
| 58⅝ | 40⅞ | ScheringPl | 1.32 | 0.02 | 20 | 1769 | 57½ | 57 | 57¼ | [illegible] |
| 74 | 50½ | Sch'berger | 1.20 | 0.02 | 28 | 2106 | 67⅞ | 66⅛ | 67⅞ | [illegible] |
| 31⅛ | 11⅞ | Schwab(C) | 0.20 | 0.01 | 28 | 637 | 30⅞ | 30⅛ | 30⅞ | [illegible] |
| 8⅞ | 3⅞ | Schwitzer | | | 14 | 31 | 6⅞ | 6⅞ | 7 | |
| 17⅞ | 11½ | ScientAtln | 0.16 | 0.01 | 284 | 454 | 13¼ | 13 | 13¼ | [illegible] |
| 9⅝ | 6⅛ | Scotman | 0.10 | 0.01 | 10 | 26 | 6⅞ | 6⅞ | 6¼ | [illegible] |
| 46⅝ | 36⅛ | ScottPaper | 0.80 | 0.02 | 39 | 538 | 39¼ | 38⅞ | 39 | [illegible] |
| 16⅞ | 11⅞ | ScudrNAsF | 0.58 | 0.04 | | 172 | 14⅞ | 14⅛ | 14⅛ | |
| 10⅞ | 7⅞ | ScudrNEuF | 0.26 | 0.03 | | 205 | 8⅞ | 8⅝ | 8⅞ | |
| 28½ | 19⅛ | Sea Cont | | | 10 | 169 | 21¼ | 21½ | 21⅞ | |
| 15½ | 13½ | SeaC1.4625 | 1.46 | 0.10 | | 18 | 15½ | 15⅛ | 15½ | |
| [illegible] | | | | | | | | | | |

| 1991 High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 62⅝ | 35⅛ | Xerox | 3.00 | 0.05 | 10 | 2258 | 61⅞ | 60⅞ | 61⅛ | −½ |
| 51½ | 43⅛ | Xerox4.125 | | | | z100 | 50⅞ | 50⅞ | 51 | +⅝ |
| 21½ | 14⅛ | Xtra 1.94 | | | | 43 | u21½ | 21½ | 21½ | +⅛ |
| 24⅞ | 14⅞ | Xtra Corp | 0.72 | 0.03 | 80 | 128 | 24⅞ | 24¼ | 24¼ | |
| 25½ | 21¼ | Yankee Egy | 1.60 | 0.06 | 12 | 42 | 25⅛ | 25 | 25⅛ | +⅜ |
| 1½ | ⅞ | Zapata | | | 2 | 192 | ⅞ | ¾ | ¾ | |
| 9⅞ | 5½ | ZenithElec | | | 1 | 176 | 5⅝ | 5⅝ | 5⅝ | |
| 18½ | 12 | Zenith Nat x | 1.00 | 0.06 | 90 | 11 | 15⅜ | 15⅜ | 15⅜ | |
| 6¼ | 4½ | Zenix Inc x | 0.84 | 0.14 | | 99 | u6¼ | 6 | 6 | −¼ |
| 15⅛ | 10⅞ | Zero Corp | 0.40 | 0.03 | 17 | 139 | 14¾ | 14½ | 14½ | −⅛ |
| 41⅛ | 29½ | Zurn Ind | 0.88 | 0.03 | 13 | 429 | 33½ | 32¼ | 33⅞ | +⅞ |
| 13½ | 10¼ | Zweig Fund | 1.16 | 0.09 | | 102 | 12⅜ | 12¼ | 12¼ | +⅛ |
| 10¼ | 8½ | Zweig Tod | 0.96 | 0.09 | | 1386 | u10¼ | 10 | 10⅛ | +⅛ |

*Price data supplied by Telekurs.*

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

# AMEX COMPOSITE PRICES

*2:00 pm prices September 26*

| Stock | Div. | P/E | Sls 100s | High | Low | Close | Chng |
|---|---|---|---|---|---|---|---|
| Pegasus G | | 6 | 124 | 10⅜ | 10⅛ | 10¼ | −¼ |
| Perini | | 6 | 8 | 9¼ | 9⅝ | 9⅝ | |
| Pet Hltl&P | 0.31 | 12 | 7 | 10 | 10 | 10 | −⅛ |
| PhIl LD | 0.17 | 8 | 164 | 20⅛ | 20 | 20 | −⅛ |
| Giant FdA | 0.68 | 12 | 249 | 23⅜ | 23¼ | 23¼ | |
| Glatfltr | 1.20 | 14 | 64 | 54⅞ | 54⅞ | 54⅞ | −½ |
| Goldfield | | 8 | 2 | ¼ | d¼ | ¼ | |
| Greenman | | 66 | 7 | 4⅛ | 4 | 4 | −⅛ |
| Greiner | 0.20 | 19 | 2 | 15½ | 15½ | 15½ | |
| GRI Corp | | 54 | 5 | 2⅜ | 2⅜ | 2⅜ | |
| Gulf Cda | 0.30 | 178 | z100 | 7⅛ | 7⅛ | 7⅛ | −⅛ |
| Hasbro | 0.24 | 33 | 1086 | 29⅞ | 29½ | 29½ | −¼ |
| Health Ch | | 1 | 29 | 1½ | 1⅜ | 1½ | +⅛ |
| Nat Ptnl | | 1 | 765 | 5 | 4⅞ | 4⅞ | −¼ |
| New Line | | 30 | 33 | 13⅞ | 13⅜ | 13⅞ | |
| NY TimesA | 0.56 | 53 | 423 | 22⅞ | 22 | 22⅛ | −⅛ |
| NbCanOil | 0.20 | 33 | 5 | 13⅞ | 13⅝ | 13⅞ | −⅛ |
| Numac Oil | | 40 | 10 | 4⅞ | d4⅞ | 4½ | |
| NV Ryan | | 0 | 32 | ⅛ | ⅛ | ⅛ | −⅛ |
| Odetics A | | 16 | z100 | 3⅞ | 3⅞ | 4 | |
| Oisten | 0.24 | 35 | 125 | 23⅞ | 23¼ | 23¼ | |
| OM Corp | 0.14 | 13 | 25 | 9½ | 9½ | 9½ | |
| Pall Corp | 0.44 | 27 | 364 | 37¼ | 37¼ | 37¼ | −¼ |
| Xytronix | | 38 | 42 | 23⅞ | [illegible] | [illegible] | [illegible] |
| [illegible] | | | | | | | |

# NASDAQ NATIONAL MARKET

*3:00 pm prices September 26*

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |
| WmsSonoma | | 17 | 1423 | 17¼ | 16½ | 17¼ | +¼ |
| Wiser Oil | 0.40 | 19 | 10 | 16¼ | 15⅞ | 16¼ | +⅜ |
| Wolohan L | 0.28 | 11 | 7 | 20¼ | 20 | 20 | |
| Wolv Expr | | 0 | 37 | ⅛ | ⅛ | ⅛ | |
| WWExWS3A | | | 40 | ⅛ | d⅛ | ⅛ | |
| Wilmington | 0.43 | 38 | 65 | 29⅛ | 29⅛ | 29⅛ | −⅛ |
| WPP Group | 1.11 | 7 | 1440 | 3 | 2¾ | 2⅞ | −⅛ |
| Wyman-Gdn | 0.40 | 10 | 563 | 4⅛ | d3⅞ | 3⅞ | |

- X - Y - Z -

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| Xilinx | | 41 | 1698 | u32½ | 31¼ | 32½ | +¼ |
| XL Data | | 35 | 721 | 12 | 11¾ | 11⅞ | +⅛ |
| Xoma Corp | | 9 | 2090 | 16⅞ | 16¼ | 16½ | −¼ |
| Yellow Fr | 0.94 | 18 | 820 | 31⅛ | 30½ | 30¾ | |
| York Rsch | | 59 | 611 | 7¼ | 6⅞ | 7⅛ | +¼ |
| ZeosIntl x | 1.44 | 9 | 3 | 47 | 46 | 46 | −1 |

AMERICA

# Equities reach equilibrium after bad economic news

## Wall Street

SHARE PRICES stood still yesterday morning after the stock market shrugged off some unexpected bad news on the economy, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 0.67 at 3,021.69. The more broadly based Standard & Poor's 500 was slightly lower at midsession, down 0.39 at 386.49, and the Nasdaq composite of over-the-counter stocks eased 2.33 to 525.49. Turnover on the New York Stock Exchange was 91m shares, with declines outpacing rises by 749 to 642.

The morning surprise came in the form of a 36,000 rise in weekly initial jobless claims – more than double analysts' estimates – and a revision of the second quarter gross national product estimates to show a decline of 0.5 per cent instead of the originally calculated fall of 0.1 per cent.

The GNP figure suggested that the economy was in a deeper trough between April and June than previously thought, which implies that the recovery since then will have proved more difficult to achieve than envisaged. Similarly, the jobs data showed that labour conditions in the US remain poor.

Among individual stocks, Union Carbide fell $\frac{3}{8}$ to \$21$\frac{5}{8}$ in active trading as investors responded to the news that the company is planning to reduce its staffing numbers by 14.5 per cent and will make a pre-tax charge against earnings of more than \$110m in the third quarter.

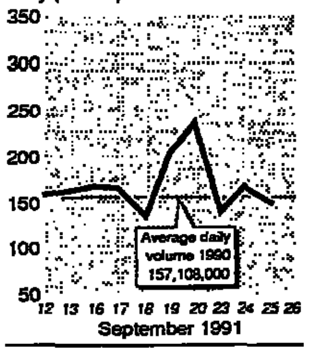
Pyramid Technology dropped \$2$\frac{3}{8}$ to \$15$\frac{3}{4}$ in 1m shares and AT&T eased $\frac{3}{8}$ to \$37$\frac{3}{4}$ after a federal government panel overturned the award of a \$1.4bn seven-year office automation contract by the Treasury department to the two companies. The decision was taken after rival bidders, IBM and Lockheed, protested. AT&T and Pyramid could still win the contract if the Treasury could justify its decision, based on the relative price and performance merits of the different bidders.

Scimed Life Systems plunged \$29$\frac{3}{4}$ to \$57$\frac{1}{4}$ in 4.3m shares after the company, which announced a 60 per cent rise in fiscal second quarter net income to 78 cents a share, warned that it might have to withdraw a line of its catheters because of patent challenges.

McDonald's rose \$$\frac{1}{8}$ to \$35$\frac{1}{2}$ in volume of 1.5m shares after the fast-food retailer said that it expected third quarter sales and earnings to top those recorded a year ago.

Mercury Air Group climbed \$$\frac{3}{4}$ to \$4 on the American Stock Exchange on the news that the company has been in talks with several entities about a possible acquisition or merger of Mercury.

### NYSE volume




## Canada

TORONTO STOCKS drifted lower in light trade by midday, with players content to hold their positions until the beginning of the fourth quarter.

The composite index fell 6.5 to 3,383.6. Declining issues led advances 218 to 151 on volume of 11m shares worth C\$108m.

Seagram rose C\$1$\frac{1}{4}$ to C\$122$\frac{1}{4}$, recovering slightly from a recent downturn which has seen the stock fall from C\$134. Canadian Tire class A shares dropped C\$$\frac{3}{4}$ to C\$21$\frac{3}{4}$ in volume of 137,000 shares, amid persistent rumours that Wal-Mart is planning to expand to Canada. One analyst said that Canadian Tire was also beginning to reflect the value of other merchandising companies.

# Bombay's record rally runs into trouble

**R.C. Murthy** explains the dichotomy between recent performance and fundamentals

THE BOMBAY stock market, which sets the pace for other Indian markets, confounded analysts with its extended gains until the middle of this month. Now they are arguing about whether it is seeing a technical correction, after an unprecedented bull phase over more than eight months, or whether a sheaf of adverse factors is finally attracting attention.

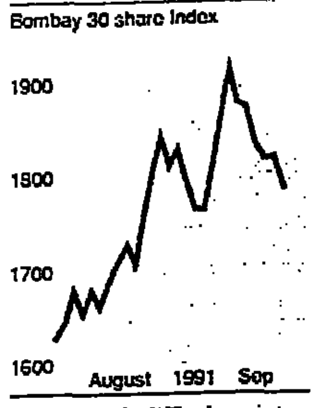
The BSE index attained a record high of 1,912.35 on September 16, having doubled in less than eight months. Since then it has hit trouble, and yesterday's 31.60 fall to 1,756.92 left it 6.6 per cent off the top. Brokers blamed liquidations on the last day of a three-week account, and said widespread buying by state-owned investment houses had failed to bolster the market.

Negative elements that the investment houses seem to have been ignoring include double-digit inflation, which threatens to wipe out the advantages of July's 18 per cent devaluation of the rupee against the dollar, and high interest rates. The Reserve Bank of India, the central bank, has lifted interest rates on corporate loans to a record 17 to 18 per cent.

Growth rates are also in question. Mr Hemendra Kothari, chairman of DSP Financial Consultancy and a leading market analyst, expects growth in profits to slow this year to 20 per cent, from 35 per cent last year and, according to official forecasts, gross domestic product growth will fall to 3 per cent this year from 5 per cent in 1990.

In July, the new government at New Delhi, led by Mr P.V. Narasimha Rao, unveiled a package of economic and trade reforms, followed by a deal with the International Monetary Fund for a \$637m soft loan; another \$2.2bn standby arrangement is under negotiation. But the World Bank, in its annual report published on Monday, warns: "The fluidity of the current political situation makes it difficult to introduce the needed fiscal reform."

Nevertheless, stock market traders believe that the long-term outlook is rosy. They rejoice that India has successfully avoided an international payments default, and that the government has pulled the economy back from the brink of disaster. This confidence doubled the BSE's market capitalisation to more than Rs879.4bn (\$35bn) in the eight months to mid-September, while daily turnover [illegible] trebled to Rs3bn.




Speculators have [illegible] trated on shipping and export-oriented blue chips, such as the Birla-owned Century, which has seen its shares rise 50 per cent to Rs7,100 in three months. Great Eastern Shipping has doubled to Rs [illegible], and Sesa Goa, an affiliate of IRI of Italy, has trebled to Rs650.

A marginal fall in farm production is forecast for this year, but the estimate is better than expected. Traders had feared a sharp drop this year, following three successive years of good monsoons, but the rains this year have been satisfactory, although less than normal in some areas. There has been no drought.

The rupee convertibility promised in three years' time by the new administration is a move to free capital flows to the stock markets and enhance liquidity. Indian companies are the second most profitable among developing countries, after Turkey but [illegible] of South Korea, Mexico, [illegible] and Malaysia, according to a study by the [illegible] Finance Corporation.

Few foresee a repetition of last October's [illegible], when markets plunged by more than a third following [illegible] on corporate tax.

Mr M.J. [illegible], former chairman of UTI, the country's largest unit trust, says the market has moved into a new orbit. He is optimistic that the 30-share index will breach the 2,000 mark if the government keeps up the momentum of economic reforms and succeeds in bringing down inflation over the next three months.

There is at least one cloud on the horizon, however. A surge in new issues, expected late this year and early next, could drain liquidity and break the rally altogether.

ASIA PACIFIC

# Bond market rise triggers index-linked buying

## Tokyo

SHARE PRICES rose yesterday on index-linked buying late in the afternoon, encouraged by the sharp rally in the bond market, *writes Emiko Terazono in Tokyo.*

The Nikkei average gained 390.66 at 23,968.08, after reaching a day's low of 23,536.58 in the morning and a high of 23,978.73 just before the close.

Volume rose to 500m shares from 400m as foreigners and institutional investors such as investment trusts traded actively. Gains led losses by 701 to 315, while 123 issues remained unchanged. The Topix index of all first section stocks added 17.94 at 1,830.79, and in London trading the ISE/Nikkei 50 index put on 3.74 to 1,403.42.

The fall in bond yields renewed hopes of an imminent interest rate cut. Ms Betty Wu at SBCI said sentiment was positive, although fears over possible bankruptcies of smaller real estate companies still worried some investors.

Morning trading concentrated on the six stocks to be incorporated in the Nikkei 225-issue average from October 1. Sumitomo Heavy Industries climbed Y38 to Y787 and Kumagai Gumi rose Y60 to Y875 in active trading. On the other hand, component stocks to be replaced were heavily sold. Toho, the movie company, fell Y2,000 to Y15,600.

Interest rate-sensitive issues were once again popular on prospects of a discount rate cut. Nippon Steel added Y12 at Y424 and Kawasaki Heavy Industries gained Y33 to Y603.

Cancer drug-related shares *continued to be traded* actively. Lion, a leading detergent maker, rallied on reports that the company had discovered a substance from palm oil that prevents cancer. The issue, however, finished Y5 down at Y860 on profit-taking.

Meiji Seika, the confectioner, which has been popular on the development of a new cancer drug, fell Y60 to Y1,310, investors feeling that the issue was becoming too expensive.

Speculative stocks suffered sharp falls as rumours that a well-known speculator had gone bankrupt discouraged individuals looking for short-term profits. Kurabo Industries fell Y17 to Y965 and Nippon Carbon plunged Y420 to Y1,330.

Mr Minoru Nagaoka, president of the Tokyo Stock Exchange, speaking before a special committee of the House of Representatives yesterday, said the TSE was investigating the recent volatility in Nippon Carbon's stock price. Nippon Carbon rose sharply from late August on high margin trading, setting a record high of Y2,570 on September 19 – about 2.6 times the price of the shares recorded at the beginning of August.

Mr Nobuhiko Matsuno, director general of the Finance Ministry, told the committee that the ministry had been monitoring the stock's price movements since late-August.

In Osaka, the OSE average rose 260.45 to 26,139.90 in volume of 33.2m shares, down from 35.8m. Shipbuilders, pharmaceuticals and machinery shares gained ground on small-lot buying.

Rohm, the integrated circuit maker, advanced Y120 to Y3,140 on reports that pre-tax profits for the current year would rise by 66 per cent to Y13.6bn.

## Roundup

THE REGION's markets mostly followed Tokyo higher, but with varying degrees of enthusiasm.

NEW ZEALAND climbed again, with foreign buyers encouraged by a steep decline in the New Zealand dollar and domestic interest rates, in the wake of Wednesday's easing of monetary policy by the country's central bank.

The NZSE-40 index closed 37.30, or 2.7 per cent, higher at 1,437.48 after an advance of 1.9 per cent on Wednesday, and turnover expanded again, from NZ\$31.8m to NZ\$42.7m.

AUSTRALIA rose on support for selected stocks, News Corp putting on another 40 cents to A\$11 after peaking at A\$11.15, a 1991 high, and the newly floated Commonwealth Bank of Australia hitting a new peak of A\$6.70 before closing 6 cents up at A\$6.66.

*News Corp* has recovered this year from a low point of A\$3.19, with overseas markets, notably New York, leading the support for the stock. Commonwealth Bank was offered for sale late in August at A\$5.40 a share.

The All Ordinaries index registered a gain of 6.5 at 1,568.5 in turnover up from A\$223m to A\$237m.

HONG KONG staged a technical rebound, the Hang Seng index finishing 26.03 higher at 3,927.98, and turnover picked up from an eight-month low of HK\$650m to a still-modest HK\$865m.

The recovery was also ascribed to hopes of a reduction in interest rates after the close today, and a stop to selling in the properties sector, where Cheung Kong impr[illegible] 30 cents to HK\$20.

TAIWAN saw heavy tr[illegible] as the weighted inde[illegible] 51.65 to 4,842.33 on turn[illegible] from T\$22.4bn to T\$[illegible]

Property issues str[illegible] following an early r[illegible] that the Ministry [illegible] would give up [illegible] impose a tax on [illegible] from property [illegible] But officials fr[illegible] said later that [illegible] would hold [illegible] next few [illegible] whether to [illegible] plan.

KUAL[illegible] ite inde[illegible] furth[illegible] MANI[illegible] prof[illegible] dat[illegible] en[illegible] ap[illegible] We[illegible] supp[illegible] ket in[illegible] revised [illegible] 258.28 on [illegible] at 255.12.

## South Africa

**FURTHER GAINS by the financial rand kept up pressure on Johannesburg shares. The industrial index fell 38 to 4,048 and the all-gold index shed 20 to 1,127 in spite of steady bullion prices. The all-share index lost 35 to 3,340.**

EUROPE

# Banking and interest rate worries hurt Scandinavia

SCANDINAVIA was disturbed by weak bank stocks and a Finnish rate rise yesterday, *writes Our Markets Staff.*

STOCKHOLM reacted negatively to Nordbanken's eight-month results and its forecast of worse-than-expected credit losses for the year, announced late on Wednesday. The Affärsvärlden General index dropped 20.5 or 1.9 per cent to 1,042.8, as turnover grew to SKr525m from SKr339m.

The banking index fell 4.4 per cent. Nordbanken dropped SKr2 or 5.7 per cent to SKr33 and Gota, the banking and financial group which is due to announce results on Tuesday, saw its A shares shed SKr10 or 11.8 per cent to SKr75.

Electrolux free Bs fell SKr11 or 3.8 per cent to SKr277, after a broker issued a sell note.

HELSINKI also fell sharply, on a rise in interest rates and economic pessimism. The Hex index lost 15.5 or 1.8 per cent to 867.0 in turnover of FM23m. Metsa-Serla was suspended after its leading shareholder, Metsaliitto, said that it was forming a group to control the majority of Metsa-Serla votes.

OSLO firmed, but banking shares were weak. The all-share index rose 4.20 to 485.03 in turnover of NKr213m, as the bank index fell 1.86 or 3.8 per cent to 47.58.

PARIS was stuck in a narrow range, finishing slightly lower after Wall Street's weak opening. The CAC 40 index lost 1.44 to 1,876.49.

Corporate results continued to sway the market. Lyonnaise des Eaux-Dumez dropped FFr15 to FFr534 in volume of 226,660 shares after Wednesday's late profits news. Paribas rose FFr2.50 to FFr441, but its cement subsidiary, Ciments Français dropped FFr22.40 or 7.2 per cent to FFr288.60 after the parent company reported a fall in six-month earnings.

Canal Plus dropped FFr38 or 3.5 per cent to FFr1,038 on reports of a broker's sell recommendation, but Club Mediterranée gained FFr14 or 3.1 per cent to FFr462 after Wednesday's announcement of a joint venture with a German tour operator.

FRANKFURT flagged in a sleepy session which saw the DAX index end 5.42 lower at 1,619.99 after a 5.28 fall to 667.65 in the FAZ at midsession. Turnover eased from DM4.5bn to DM3.4bn.

In carmakers and steels, vulnerable after IG Metall's wage demands, recent favourites suffered most, Volkswagen falling DM3.90 to DM358.90 and Hoesch by DM6 to DM296.

Constructions continued to slide after revised estimates for industry growth, Hochtief and Holzmann each losing DM25, to DM1,205 and DM1,320 respectively. In basic materials Metallgesellschaft, recently downgraded by BHF Bank because of weak metal prices, dropped DM12.80 to DM456.10.

MILAN celebrated a pocket of strength in telecommunications, but this was unable to make up for corporate weakness elsewhere, and a nervous reaction to the growing dispute over Italy's budget deficit. The Comit index ended 1.92 lower at 539.39.

Sip's announcement late on Wednesday of a 54 per cent rise in profits, far better than analysts had expected, pushed up the telecom group's ordinary share price by L33.50 or 3 per cent to L1,135, and its savings shares by 6 per cent.

Stet, Sip's parent company, rose L44 or 2.3 per cent to L1,980 in sympathy. After the close, Stet's own figures showed a profits rise of only 8 per cent.

MADRID had discounted the cut in one-year Treasury bill rates, and the general index slipped 1.43 to 276.43. Turnover was moderate at about Pta15bn, boosted by active trading in utility stocks.

AMSTERDAM was kept in check by the weakness of international markets. The CBS tendency index eased 0.2 to 90.4.

Borsumij Wehry, the trading group, rose Fl 2.10 to Fl 57.30 after saying that it was in talks to buy a European trading company. US demand lifted Heineken Fl 1.30 to Fl 153.30.

ZURICH focused on insurers after a higher profits forecast from Zurich Insurance – where the bearers rose SFr30 to SFr4,130 – and a fall of 22 per cent in 1990 profits at Swiss Re, whose registered shares fell SFr40 to SFr2,010. The Credit Suisse index fell 3.9 to 514.7.

BRUSSELS performed surgery on companies linked to Société Générale de Belgique, primarily because of their first half results. Its chemical unit, Gechem, dropped BFr50 or 8.2 per cent to BFr530 as the Bel20 index lost 2.78 to 1,086.11.

**FT-SE Eurotrack 100 - Sep 26**

| Hourly changes | | | | | | | |
|---|---|---|---|---|---|---|---|
| Open | 10 am | 11 am | Noon | 1 pm | 2 pm | 3 pm | Close |
| 1106.54 | 1106.86 | 1106.84 | 1106.38 | 1106.37 | 1105.61 | 1103.49 | 1103.42 |
| Day's High 1107.21 | | | | Day's Low 1102.48 | | | |

| Sep 25 | Sep 24 | Sep 23 | Sep 20 | Sep 19 |
|---|---|---|---|---|
| 1108.34 | 1110.65 | 1111.18 | 1114.51 | 1113.95 |

Base value 1000 (26/10/90).

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | WEDNESDAY SEPTEMBER 25 1991 | | | | | | | | TUESDAY SEPTEMBER 24 1991 | | | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of lines of stock | US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | 1991 High | 1991 Low | Year ago (approx) |
| Australia (69) | 151.08 | +0.0 | 129.21 | 127.25 | 132.16 | 126.03 | +0.4 | 4.81 | 151.06 | 128.34 | 126.85 | 131.04 | 125.54 | 151.89 | 112.74 | 134.92 |
| Austria (20) | 181.21 | −0.7 | 154.98 | 152.63 | 158.51 | 158.31 | +0.1 | 1.79 | 182.44 | 155.00 | 153.21 | 158.26 | 158.19 | 222.37 | 154.82 | 180.32 |
| Belgium (47) | 127.91 | −1.0 | 109.39 | 107.73 | 111.88 | 109.29 | −0.2 | 5.42 | 129.14 | 109.72 | 108.44 | 112.02 | 109.56 | 151.20 | 118.04 | 126.82 |
| Canada (114) | 135.43 | −0.3 | 115.83 | 114.06 | 118.45 | 111.25 | −0.3 | 3.41 | 135.83 | 115.40 | 114.06 | 117.82 | 111.54 | 142.27 | 126.49 | 128.50 |
| Denmark (37) | 252.41 | −0.9 | 215.88 | 212.61 | 220.79 | 222.89 | −0.1 | 1.58 | 254.65 | 216.36 | 213.85 | 220.89 | 223.22 | 270.56 | 217.74 | 235.36 |
| Finland (16) | 88.82 | −2.7 | 75.96 | 74.81 | 77.69 | 76.32 | −2.1 | 3.16 | 91.27 | 77.55 | 76.65 | 79.17 | 77.95 | 125.15 | 88.82 | 103.43 |
| France (109) | 143.10 | −1.2 | 122.38 | 120.52 | 125.16 | 128.67 | −0.3 | 3.45 | 144.89 | 123.10 | 121.66 | 125.67 | 129.09 | 152.26 | 119.11 | 124.98 |
| Germany (65) | 110.73 | −0.1 | 94.70 | 93.28 | 96.85 | 96.85 | +0.7 | 2.32 | 110.86 | 94.19 | 93.11 | 96.17 | 96.17 | 125.35 | 94.15 | 104.02 |
| Hong Kong (55) | 162.07 | +0.0 | 138.62 | 136.51 | 141.78 | 161.19 | −0.1 | 4.40 | 162.07 | 137.70 | 136.10 | 140.59 | 161.28 | 169.98 | 119.62 | 113.10 |
| Ireland (18) | 160.08 | −1.1 | 136.91 | 134.84 | 140.03 | 141.82 | −0.4 | 3.53 | 161.89 | 137.54 | 135.95 | 140.43 | 142.34 | 182.46 | 132.88 | 139.04 |
| Italy (77) | 72.15 | −1.5 | 61.71 | 60.77 | 63.11 | 67.80 | −0.5 | 3.42 | 73.24 | 62.23 | 61.50 | 63.53 | 68.17 | 88.23 | 64.76 | 80.87 |
| Japan (474) | 134.26 | +0.6 | 114.83 | 113.09 | 117.46 | 113.09 | +0.9 | 0.75 | 133.42 | 113.36 | 112.04 | 115.75 | 112.04 | 146.97 | 118.23 | 114.09 |
| Malaysia (68) | 197.72 | +0.4 | 169.10 | 166.53 | 172.94 | 209.06 | +0.4 | 2.88 | 197.01 | 167.38 | 165.43 | 170.89 | 208.28 | 247.78 | 189.18 | 188.39 |
| Mexico (18) | 1195.55 | +0.1 | 1022.50 | 1007.00 | 1045.78 | 3994.64 | +0.1 | 1.32 | 1194.85 | 1015.17 | 1003.39 | 1036.47 | 3992.31 | 1226.36 | 534.45 | 499.66 |
| Netherland (31) | 139.10 | −0.7 | 118.97 | 117.17 | 121.68 | 120.41 | +0.2 | 4.48 | 140.07 | 119.00 | 117.62 | 121.50 | 120.12 | 145.73 | 125.70 | 129.29 |
| New Zealand (14) | 45.57 | +0.6 | 38.98 | 38.39 | 39.87 | 42.13 | +2.4 | 7.23 | 45.32 | 38.51 | 38.06 | 39.31 | 41.13 | 54.64 | 41.18 | 56.79 |
| Norway (31) | 197.64 | +0.7 | 169.04 | 166.48 | 172.89 | 176.25 | +1.1 | 1.60 | 196.36 | 165.83 | 164.90 | 170.34 | 174.31 | 223.24 | 178.58 | 250.22 |
| Singapore (38) | 190.61 | −0.6 | 163.02 | 160.55 | 166.73 | 148.67 | −0.6 | 2.40 | 191.84 | 162.99 | 161.10 | 166.41 | 149.54 | 208.25 | 151.63 | 150.06 |
| South Africa (61) | 249.24 | −1.1 | 213.16 | 209.93 | 218.01 | 169.98 | −0.8 | 3.25 | 252.06 | 214.15 | 211.66 | 218.64 | 171.38 | 258.85 | 173.00 | 168.32 |
| *Spain (53)* | *158.55* | *−0.4* | *135.60* | *133.55* | *138.69* | *127.44* | *+0.3* | *4.23* | *159.14* | *135.21* | *133.64* | *138.04* | *127.07* | *171.12* | *131.51* | *126.85* |
| Sweden (25) | 193.54 | −0.8 | 165.53 | 163.02 | 169.30 | 175.63 | −0.2 | 2.54 | 195.06 | 165.72 | 163.81 | 169.21 | 175.93 | 204.12 | 146.60 | 167.80 |
| Switzerland (58) | 93.39 | −1.5 | 79.87 | 78.67 | 81.70 | 84.82 | −0.6 | 2.27 | 94.83 | 80.57 | 79.64 | 82.27 | 85.31 | 100.67 | 82.17 | 85.56 |
| United Kingdom (240) | 181.06 | +0.1 | 154.85 | 152.49 | 158.36 | 154.85 | +0.7 | 4.79 | 180.91 | 153.70 | 151.91 | 156.91 | 153.70 | 187.44 | 156.27 | 148.64 |
| USA (526) | 157.23 | −0.2 | 134.48 | 132.44 | 137.54 | 157.23 | −0.2 | 3.09 | 157.59 | 133.89 | 132.35 | 136.71 | 157.59 | 161.02 | 125.95 | 123.01 |
| Europe (827) | 142.07 | −0.4 | 121.51 | 119.67 | 124.28 | 123.44 | +0.3 | 3.89 | 142.70 | 121.24 | 119.83 | 123.79 | 123.03 | 151.52 | 125.50 | 125.45 |
| Nordic (109) | 186.75 | −0.7 | 159.72 | 157.30 | 163.35 | 160.69 | −0.1 | 2.02 | 188.07 | 159.79 | 157.93 | 163.14 | 160.78 | 200.81 | 155.55 | 177.39 |
| Pacific Basin (718) | 135.04 | +0.6 | 115.50 | 113.75 | 118.13 | 114.42 | +0.9 | 1.09 | 134.27 | 114.08 | 112.76 | 116.48 | 113.43 | 145.92 | 117.86 | 114.72 |
| Euro – Pacific (1545) | 138.17 | +0.2 | 118.17 | 116.37 | 120.85 | 118.79 | +0.6 | 2.23 | 137.95 | 117.21 | 115.84 | 119.66 | 118.03 | 147.66 | 121.29 | 119.40 |
| North America (640) | 155.82 | −0.2 | 133.26 | 131.26 | 136.32 | 154.11 | −0.2 | 3.11 | 156.18 | 132.69 | 131.17 | 135.50 | 154.47 | 159.66 | 125.91 | 123.26 |
| Europe Ex. UK (587) | 118.99 | −0.8 | 101.77 | 100.24 | 104.10 | 105.44 | +0.0 | 3.19 | 119.99 | 101.94 | 100.78 | 104.10 | 105.42 | 129.80 | 103.58 | 110.84 |
| Pacific Ex. Japan (244) | 142.69 | +0.0 | 122.04 | 120.21 | 124.83 | 125.54 | +0.3 | 4.36 | 142.66 | 121.21 | 119.82 | 123.77 | 125.22 | 147.60 | 111.40 | 121.43 |
| World Ex. US (1736) | 139.88 | +0.1 | 119.64 | 117.83 | 122.37 | 120.01 | +0.6 | 2.28 | 139.72 | 118.71 | 117.34 | 121.21 | 119.31 | 148.16 | 122.32 | 120.41 |
| World Ex. UK (2022) | 141.23 | +0.0 | 120.79 | 118.97 | 123.55 | 129.35 | +0.2 | 2.32 | 141.26 | 120.02 | 118.63 | 122.55 | 129.05 | 145.77 | 120.06 | 117.59 |
| World Ex. So. Af. (2201) | 144.00 | +0.0 | 123.16 | 121.30 | 125.97 | 131.42 | +0.3 | 2.57 | 144.00 | 122.34 | 120.93 | 124.92 | 131.02 | 148.66 | 122.92 | 120.06 |
| World Ex. Japan (1788) | 151.80 | −0.3 | 129.65 | 127.70 | 132.63 | 141.93 | +0.0 | 3.44 | 152.06 | 129.20 | 127.71 | 131.93 | 141.95 | 152.83 | 126.69 | 124.80 |
| The World Index (2262) | 144.69 | +0.0 | 123.75 | 121.88 | 126.57 | 131.75 | +0.3 | 2.58 | 144.71 | 122.95 | 121.52 | 125.53 | 131.37 | 149.01 | 123.28 | 120.35 |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